

# University of Texas Bulletin

No. 2729: August 1, 1927

## FARM RELIEF LEGISLATION

THE INTERSCHOLASTIC LEAGUE BUREAU

Division of Extension



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**PUBLISHED BY THE UNIVERSITY FOUR TIMES A MONTH, AND ENTERED AS  
SECOND-CLASS MATTER AT THE POSTOFFICE AT AUSTIN, TEXAS,  
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**The benefits of education and of useful knowledge, generally diffused through a community, are essential to the preservation of a free government.**

**Sam Houston**

**Cultivated mind is the guardian genius of democracy. . . . It is the only dictator that freemen acknowledge and the only security that freemen desire.**

**Mirabeau B. Lamar**



## FOREWORD

In accordance with its usual practice, the Interscholastic League is issuing this bulletin for the help and convenience of students who wish to prepare themselves for entry into the debating contests of the League. Each member-school is entitled to two free copies of this bulletin (upon request) and may obtain additional copies from the State Office of the League, University Station, Austin, Texas, for 20 cents per copy. The Extension Loan Library will furnish any school official who applies for the same a package library on Farm Relief Legislation, which he may keep for a period of two weeks.

The present bulletin was prepared by Marion A. Olson.

The League has issued a pamphlet entitled "How to Judge a Debate" for distribution to individuals who expect to serve as judges in Interscholastic League debates. Judges are advised in this pamphlet to grade down the memorized speech, especially if it seems too mature for the individual delivering it, and is directed, other things being equal, to favor the team that gives evidence of an ability to meet its opponents' arguments in intelligent, well-informed extemporaneous rebuttal over a team whose rebuttal seems cut and dried. The following footnote, which occurs on page 60 of the University of Oklahoma Bulletin, "Students Manual Public Discussion and Debate," should be pondered by every debating coach:

"The purpose of practice debating is to teach young men [and young women] to think, and to speak their thoughts effectively. Debaters who are so trained should be given precedence over those who recite vigorously memorized speeches. The college or high-school debater who declaims, in all probability has not written the speech himself. Too much help by the coaches [and commercial bureaus] is doing much to bring disrepute upon all debating. If judges have the courage to distinguish between declamation and speaking from the floor, they can do much to raise the standard of school debating."

**Coaches are cautioned to note carefully the new items added this year to the list of instructions to judges, for which see Appendix to this bulletin.**

ROY BEDICHEK,  
*Chief, Interscholastic League Bureau,  
Extension Division, University of Texas.*

"Good argument is a sharp process of investigation, leading by mutual criticism to some nearer ascertainment of truth."

J. L. GARVIN.

"The gods have given us speech—the power which has civilized human life; and shall we not strive to make the best of it?"

ISOCRATES.

"Remark likewise two things: that such prize arguings were ever on superficial debatable questions; and then that they were argued generally by the fair laws of battle and logic-fence, by one cunning in the same. If their purpose was excusable, their effect was harmless, perhaps beneficial: that of taming noisy mediocrity, and showing it another side of a debatable matter; to see both sides of which was, for the first time, to see the truth of it."

CARLYLE.

## SUGGESTIVE BRIEFS

*Resolved, That Congress Should Enact Farm Relief Legislation  
Embodying the Principles of the McNary-Haugen Bill.*

### INTRODUCTION

- I. The question of farm relief is a timely and important national issue today, for
  - A. The American farmer has suffered more severely from post-war depression than any other class of our people.
  - B. For the past six years agriculturists have been seeking farm relief.
  - C. The question of farm relief has occupied much of the time and attention of the past three Congresses.
  - D. In the session of 1926-27, Congress gave much of its time to discussing farm relief principles as embodied in the McNary-Haugen bill.
  - E. The bill passed both houses, but was vetoed by the President.
  - F. This issue promises to be even more vital in the future, for
    1. Farm leaders declare the fight for farm relief has just begun.
- II. Definitions:
  - A. By farm relief legislation is meant legislation of such a nature, enacted by the Federal Government, as to bring relief to the farmers of America, help them out of their present situation, and restore them once more to a parity with other industries.
  - B. By principles of the McNary-Haugen bill is meant the principles embodied in the revised McNary-Haugen bill which was passed by Congress in February, 1927, and vetoed by Coolidge, i.e., the creation of a Federal Farm Board to assist in the orderly marketing of surplus agricultural commodities, so that the farmer may receive a fair return, and the assessment of all costs and charges on the producers of such commodities at so much per unit.
- III. Admitted matter:
  - A. Both sides will agree that the farmer has suffered during the past few years because of his low purchasing power, and the low prices he received for his products.
  - B. Both sides will further agree that any sound and practical means which will aid the farmer should be adopted.

- IV. The discussion involves the following issues:
- A. Is there need for legislation such as is embodied in the McNary-Haugen bill?
  - B. Are the principles of the McNary-Haugen bill sound in economic theory?
  - C. Do they obviate the causes of the present situation?
  - D. Will such legislation be beneficial to the nation as a whole?
  - E. Is the McNary-Haugen bill the best solution of the problem?

#### AFFIRMATIVE BRIEF

- I. There is need for legislation such as is embodied in the McNary-Haugen bill, for
- A. The agricultural emergency demands drastic action, for
    - 1. There has been continued depression for the past six years.
    - 2. Inequalities in the prices of farm and other commodities cause the farmer to receive inadequate return on his investment.
    - 3. This situation is aggravated by the existence of a surplus in certain commodities.
    - 4. The farmer is unable to regulate supply to demand, for
      - a. He cannot control the forces of nature or predict definitely what his production will be.
    - 5. Because of lower costs of production abroad and unsettled world conditions, prices are kept low in America.
  - B. Farmers are unable to organize and protect themselves as other industries do, for
    - 1. Farm business is conducted on a small scale.
    - 2. There are 6,000,000 farmers scattered throughout the country.
    - 3. Competition may enter the field with ease.
    - 4. There is relative absence of fixed capital and of control of productive processes.
    - 5. There is no credit adjusted to the long-time turnover of both production and distribution.
    - 6. Many farmers cannot be made to feel the advantage of organization.
  - C. The Government must take the lead in assisting the farmer, for
    - 1. The farmer is unable to fight his own way out of the depression.

2. He looks to some central authority to take leadership and show him the way to normalcy once more.
  3. The situation is so drastic that unless steps are taken to relieve the depression in which the farmer finds himself, our entire economic structure may be affected, for
    - a. All industries already feel the effects of the farm situation.
    - b. A country cannot exist half bankrupt and half prosperous.
    - c. Agriculture has been rightly called the backbone of our national life.
  - D. The Government has assisted other industries, for
    1. Manufacturers are protected and guaranteed a fair price by the protective tariff.
    2. Railways have been assisted by the Government, and the Esch-Cummins act fixes the return which they may receive.
    3. Many industries have been bolstered up and assisted by the Government when they were facing destruction.
- II. The principles of the McNary-Haugen bill are sound in economic theory, for
- A. The McNary-Haugen bill will take care of surplus production, for
    1. The Farm Board that is to be created will control the disposition of the surplus in such a manner as to bring a good return to the farmer, for
      - a. The bill provides that the Board shall make contracts to buy up, hold, sell, or cause to be processed surplus production in certain commodities.
    2. When there is surplus production, it will be held until the market is ready for it.
    3. While controlling the disposition of existing surpluses, the Government can warn producers to reduce production, and thus keep the surplus from becoming too large.
    4. Should the surplus become too large, prices will fall, the costs and losses will be larger, and consequently the equalization fees will be larger, and returns smaller. This will cause production to fall off.

5. The best interests of our Government and of our people demand that we have plenty of food products. This necessitates a surplus at times, and it is economically sound to properly control this surplus so that it may be handled with least loss to the producer.
- B. The bill is not a price-fixing measure, for
  1. The Board is not given power to fix prices.
  2. The Board is only permitted to so control the disposition of food products, as to influence the price of the products.
  3. There is no guarantee of any fixed price.
  4. In any event price could not be raised above the tariff limit, for
    - a. Should the price be raised higher, goods from foreign countries would break over the tariff wall, undersell our goods and force our prices down.
  5. It simply proposes to utilize Government assistance in the orderly marketing of farm products, and
    - a. This is the process employed by local coöperative associations throughout the country which has secured greatly increased returns for their members.
- C. The bill does not put the Government into business, for
  1. The Government assumes no obligation for the success of the Board, for
    - a. It incurs no financial liability, for
      - (1) A revolving fund of \$250,000,000 is loaned to begin with.
      - (2) This fund is to be repaid out of the fees collected from producers.
      - (3) There is no further liability.
  2. The Government does not buy and sell. It merely furnishes the machinery to conduct business for the farmers of America.
  3. The Government guarantees no return to the farmer, and expects no profit, for
    - a. It merely hopes to help the farmer secure a larger return through more orderly marketing, and through control of surplus.
    - b. If the project operates at a loss, the farmer must pay the cost; if a profit is made, the farmer receives it.



- D. It does not interfere with the workings of the law of supply and demand, for
  - 1. It makes no attempt to cause a maladjustment of supply and demand.
  - 2. It attempts to control the supply so as to equal the demand, for
    - a. That is the result that will be obtained by control of the disposition of surplus production.
  - 3. The principle of controlling supply to meet demand is economically sound, for
    - a. It is employed by manufacturers all over the country.
    - b. The fact that the supply exists does not make control of its disposition an unsound economic procedure.
  - 4. It proposes to apply to agriculture a reversal of the tariff principle; to do the same thing for the farmer that the manufacturer does when he sells products in the home market at a high price and dumps the surplus on foreign markets at a greatly reduced price.
- III. The principles embodied in the McNary-Haugen bill obviate the causes of the difficulty, for
  - A. The bill will give the farmer greater buying power, for
    - 1. He will receive a higher price for his products.
    - 2. His purchasing power will consequently approach parity with that of other industries.
  - B. The farmer will be enabled to reduce his indebtedness, for
    - 1. He is at present unable to do so as long as he is suffering from discrimination in the price of his products.
    - 2. With a greater return on his investment he will be enabled to save and reduce his debts outstanding.
  - C. The bill will obviate the trouble which has been caused by surplus production, for
    - 1. Surplus production will be disposed of in an orderly manner, so as to keep the domestic price from falling.
    - 2. In the past, the world price has determined our price at home, because of our exportable surplus.
    - 3. The principles of this bill will remedy this situation and prevent world price influencing the price of farm products at home, for

- a. With control on the supply, we can demand a price equal to that guaranteed by the tariff wall.
    - b. The tariff on farm products will become effective.
  - D. Many farmers who have been operating at a loss will be able to operate at a profit under the principles of this bill, for
    - 1. They will be assured of a better market.
- IV. The principles of farm relief embodied in the McNary-Haugen farm relief bill will be beneficial to the nation as a whole, for
  - A. Our entire economic structure is built upon the agricultural life of the nation, for
    - 1. No nation can flourish when its farming population is failing to make a return commensurate with the demands of a decent standard of living.
    - 2. All the leaders of the nation agree that national prosperity depends in large measure on the condition of agriculture.
  - B. Farm relief will benefit all industries, for
    - 1. All industries depend upon the farmers for a market for manufactured products.
    - 2. When the farmer is not making fair returns, the market falls off.
    - 3. A good farming situation means good business for the manufacturer, and the merchant who sells goods to the farmers.
    - 4. Every industry has felt the effect of the farm depression.
  - C. It is a duty of our Government to look after the interests of its citizens, for
    - 1. It is admitted that protection of its citizens is one of the foundation stones of successful government.
    - 2. The Government has repeatedly come to the rescue of industries who were facing bankruptcy.
    - 3. The Government should in this instance come to the aid of the farmer, for
      - a. The most fatal mistake a government could make would be to ignore the needs of a portion of its people while extending protection to other classes.
  - D. The best interests of the nation demand that something be done to relieve a situation in which a portion of the population feels it is being discriminated against, for
    - 1. Discontent is a breeder of unrest and anarchy.

2. No nation can operate successfully while a portion of its population feels it is the victim of a situation in which other classes, consciously or unconsciously, are being favored.
- V. The McNary-Haugen bill is the best solution of the problem, for
  - A. Many other solutions have been proposed and have been rejected, for
    1. It has been proposed that the Government subsidize agriculture, but this proposal failed to find approval.
    2. It has been proposed that the Government increase and aid coöperative marketing, but this proposal will not solve the problem.
    3. Many other proposals have failed to find approval.
    4. Congressional Committees have spent months throughout the past few years trying to find the best solution, and they finally determined upon the McNary-Haugen bill.
  - B. The bill contains many valuable features, for
    1. It controls surplus.
    2. It expects to give the farmer a fair price.
    3. It places no financial responsibility on the Government, once the machinery is in operation.
  - C. The principles of the bill handle the situation without undue burden on the people, and solves the problem, for
    1. The farmers pay the costs of operation.
    2. The people of America are not taxed to pay the bill of helping the farmer, as they would be under other proposals which have been advanced.
    3. The Government merely helps the farmer help himself.
    4. The proposal is but the application of sound and tried business methods to the farming industry.

#### NEGATIVE BRIEF

- I. There is no need for legislation such as is embodied in the McNary-Haugen bill, for
  - A. The present situation is but a temporary depression due to the after-effects of the World War, and to over-expansion during the World War, for
    1. The war diminished food production in Europe, for
      - a. Western Europe largely ceased producing.
      - b. Russia and the Balkans were cut off from exporting 200,000,000 bushels of grain annually.

2. A great demand for American food products was created, as
  - a. Production of wheat increased 200,000,000 bushels a year.
  - b. Forty million acres of pasture land and 5,000,000 acres of forest were converted into crop-producing farms.
  - c. Wheat production increased from 47,000,000 to 75,000,000 bushels.
3. The termination of the war resulted in a reduction of demand for American prices, for
  - a. Russia, Balkans, and Western Europe again began to produce as before.
  - b. But wheat acreage in the United States is still as high as 58,000,000 acres, causing surplus production to meet a deflated post-war demand.
4. The depression was not confined to agriculture, for
  - a. All other industries were similarly affected, for
    - (1) Demand for steel diminished; demand for copper, for leather, and for iron diminished.
    - (2) Manufacturers had to adopt stringent measures to avoid bankruptcy.
5. The same depression and maladjustment has resulted after every war.
- B. The proper remedy for the situation is to adjust ourselves to normal conditions once more and to obviate the underlying causes of the depression, for
  1. We must reduce abnormal surplus production.
  2. We must raise other products for which there is greater demand.
- C. The real crisis is over in agriculture, times are much better, and the situation is remedying itself, for
  1. The annual income has increased since 1921, for
    - a. The Department of Agriculture reports income of agriculture in 1920-21 was \$375,000,000, and for 1925-26 it had increased to \$2,757,000,000.
    - b. President Coolidge says that the wide gap that existed between the index price of agriculture and other products is closing up.
- D. We have weathered the worst part of the crisis, and it would be foolish to take action of such drastic nature under the present improved condition, for

1. The proper way to help the farmer is to give him sound assistance in returning to normal conditions.
- E. The farmer is not being discriminated against by the tariff or other industries, for
1. Fifty-seven and six-tenths per cent of our imported products come in free, and are made up chiefly of articles used by the farmer, such as fertilizer, leather, coffee, tea, farm machinery, binder twine, and barbed wire.
  2. Seven hundred and eighty million of tariff was upon agriculture and agricultural products to aid the farmer.
  3. Eighty per cent of our imports either come in free or pay a tariff that aids the farmer.
  4. Two hundred and fifty million of the tariff remaining is on luxuries and does not affect the farmer.
  5. The farmer pays part of the duties only on 12 per cent of our imports, which do not benefit him.
  6. As the average farm expenditures are for items not affected by the tariff; such as labor, etc., the expenditures of the farmer would be increased by only  $1\frac{1}{2}$  per cent on account of the tariff.
  7. Protection is beneficial to the farmer, for
    - a. Competing products had to pay a tariff.
    - b. It encouraged the raising of flax, sugar and wool, which prevented a further increase in the surplus of wheat.
- F. The Government has granted extensive aid to agriculture, for
1. The third largest item in the national budget is the appropriation for the Department of Agriculture and its work.
  2. This year over \$128,000,000 was appropriated to the Department of Agriculture.
  3. The Government has granted cheap credit to the farmer through the Federal Reserve System, the Intermediate Credit System, and the Federal Farm Loan banks.
  4. The Government has rendered great assistance in agricultural research, building up good roads, and easy methods of transportation, in disseminating crop information and advice and in countless other ways.

- II. The principles of the McNary-Haugen bill are not sound in economic theory, for
  - A. It embodies the principle of price-fixing, for
    - 1. The Board is given authority to make contracts for the disposal of farm products, without any restrictions regarding the price which will be stipulated.
      - a. We may expect the Board to fix prices as high as possible, since the purpose back of the bill is to secure higher prices for the farmer.
    - 2. Regardless of the denials of its advocates, the fact remains that a Federal Farm Board composed of twelve men is given unlimited power to regulate the prices of farm products.
  - B. The principle of price-fixing is unsound, for
    - 1. It has been condemned by economists all over the world.
    - 2. It has proven ineffective in practice wherever tried.
    - 3. Price is a result; not a cause, for
      - a. Price is the result of the workings of supply and demand.
    - 4. To fix prices is to fly in the face of an economic law which cannot be set aside or tampered with.
    - 5. Any price-fixing prolongs and accentuates the cause of the maladjustment until, if continued long enough, general disaster will result.
  - C. Any plan which contemplates the control of natural forces must fail, for
    - 1. Legislative fiat can never replace economic laws.
  - D. A sound, flexible economic system is vital to economic life, for
    - 1. Our population is and must be in shifting state to maintain equilibrium.
    - 2. Money and capital and labor must flow where it is most needed.
    - 3. Economic laws, if permitted to work unhampered, make for the greater benefit of all the people.
    - 4. Artificial methods will not correct maladjustment.
  - E. The McNary-Haugen bill proposes a rigid, inflexible system in the place of free working of economic laws.
- III. The principles embodied in this bill do not obviate the causes of the present situation, for
  - A. The chief causes are surplus production, and over-expansion onto marginal farms.



- B. The bill will stimulate production rather than curb it, for
    - 1. Under its operation, the farmer is expected to receive a greater return and a higher price.
    - 2. This will cause all farmers to increase their production if they feel assured of a profit, for
      - a. Knowledge of human nature shows that men will enter fields in which there is a guaranteed profit.
  - C. The surplus will be increased, for
    - 1. The increased price will stimulate production.
    - 2. At the same time, it will decrease consumption and drive people to the use of substitutes.
    - 3. Greater and greater surpluses will pile up, and the losses of the corporation will become greater and greater until the proposal will defeat its own ends.
  - D. Increased prices will keep marginal producers contributing their share to the total product. This is unsound, for
    - 1. They should not attempt to operate if they cannot make expenses under normal conditions.
    - 2. It is unwise and unsound to subsidize inefficient producers at the expense of other elements of our population.
  - E. Production will be increased, surpluses will grow greater and greater. It is obvious that the underlying causes of the farm depression are not touched by this proposal.
- IV. Such legislation will not be beneficial to the nation as a whole, for
- A. It is class legislation, for
    - 1. It attempts to benefit a certain portion of our population at the expense of the majority, for
      - a. The American consumer will have to pay the cost of the project, for
        - (1) He will have to pay higher prices for his food products.
        - (2) He will have to pay the prices fixed by the Farm Board whatever they may be.
    - 2. It is legislation for a few farmers at the expense of the others, for
      - a. It is so drawn as to benefit the producers of five or six products only.
      - b. Other farmers will suffer from increased food prices in order that these few farmers may be benefited.

- c. It penalizes farmers in some regions for the benefit of others.
- B. It does not guarantee the farmer a higher price, for
  - 1. It merely hopes to secure a better price for him.
  - 2. It guarantees profits and costs to millers, packers, and other processors who may be so fortunate as to get a Government contract.
  - 3. It must of necessity discriminate against some processors and grant the benefit of Government contracts to others.
  - 4. We have the ludicrous situation of a farm relief proposal which doesn't guarantee a profit to anyone except a few packers, and millers in the country.
- C. This is not a temporary measure, for
  - 1. Since it proposes to take care of surpluses when they arise, it must be perpetual, for
    - a. We have had a continual surplus for the past fifty years, and it is safe to predict the same situation will obtain in the future.
  - 2. This means that the Government is entering permanently into the business of marketing, buying and selling farm products.
- D. It establishes a farm bureaucracy without an executive review, for
  - 1. The Federal Farm Board is to be appointed by the President from a list of thirty-six names submitted to him by farm organizations over the country.
    - a. This is an unwarranted interference with the executive's appointive power.
  - 2. There is no effective check or review from the executive or Congress, for
    - a. The Board, once established, operates practically without restraint.
  - 3. Such invasion of executive authority is dangerous, for
    - a. It is counter to the tradition and philosophy of our Government, to the spirit of our institutions, and to all principles of equity to grant such arbitrary power to a government board.
- E. It puts the Government into the business of buying and selling farm products, for
  - 1. The Government creates the Federal Farm Board.
  - 2. It finances the proposition in the beginning.

3. It pays the salaries of officials and costs of administration.
  4. It empowers the Board to make contracts with coöperatives, corporations, or processors to control the sale of, to store, or to process farm products.
  5. It gives the Board power to fix the prices of the raw products, and to fix the prices of the finished products as well.
- F. The proposal is unsound from a business standpoint, for
1. It proposes to sell at a loss or a profit, and it cannot be considered sound business to plan to sell at a loss, yet,
    - a. The bill proposes to sell the farm products at a loss and to assess the loss back on all producers.
  2. It doesn't handle the disposition of the surplus, for
    - a. The surplus will grow greater under the provisions of the bill.
    - b. No one has yet described how the provisions of the bill will actually be worked out in practice.
  3. Control of a few articles cannot possibly be effective without control of the substitutes which may be used in their places.
- G. The proposal will mean great expense to the Government, for
1. There is no guarantee that the original appropriation of \$250,000,000 will be paid back.
  2. All routine expenses must be borne by the Government.
  3. Senator Smith W. Brookhart has estimated the cost to the American consumer in increased cost of living will be \$1,500,000,000 annually.
  4. The report of the Minority Committee of the House on this bill gave an estimate that it would take \$1,500,000,000 to make a success of the proposed bill.
  5. If the equalization fee should prove to be unconstitutional or otherwise uncollectable the treasury would have to bear the loss of the contract then existing.
- H. The equalization fee is undesirable, for
1. It imposes a tax on part of the producers for the benefit of all producers, for

- a. It will be levied only on that part of the commodities which is marketed through the regular channels.
- 2. It is a direct tax on certain of the vital necessities of life—the most vicious form of taxation and one that is contrary to American principles.
- 3. It is compulsory on the American farmer, for
  - a. The farmer is forced to participate whether he wishes to or not.
- I. The attempt to dump surplus production on foreign countries may have disastrous results, for
  - 1. Raw products dumped abroad may be processed there and reshipped to America to the disaster and destruction of the whole bill.
  - 2. Foreign countries may retaliate against us because of our dumping measures to the detriment of American business.
- V. The McNary-Haugen bill does not present the best solution of the problem, for
  - A. The solution does not lie in creating a great artificial machinery, but
    - 1. It lies in obviating the underlying causes of depression, such as
      - a. Reducing production so as to eliminate the surplus.
      - b. Cessation of production on sub-marginal farms.
  - B. The causes should be searched out and remedied.
    - 1. If high tariff is the cause, reduce the tariff.
    - 2. If high freight rates are causing the producer to lose, lower the freight rates.
  - C. The Government can best assist the farmer along other channels, such as
    - 1. Supporting the coöperative marketing movement.
    - 2. Helping farmers organize and market their own produce systematically.
    - 3. Spreading knowledge about diversification and crop rotation.
    - 4. Disseminating such information regarding crop prospects as shall benefit the farmer.
  - D. Left alone, with such sound and sensible assistance as the Government can give, economic laws and forces will right the situation in time.
  - E. Any solution should have the qualifications of being sound in economic theory and of obviating the causes of the bad condition.

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# GENERAL INFORMATION CONCERNING THE McNARY-HAUGEN BILL

## THE McNARY-HAUGEN BILL

A Bill to establish a Federal Farm Board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote the orderly marketing of basic agricultural commodities in interstate and foreign commerce and to that end to provide for the control and disposition of surpluses of such commodities, to enable producers of such commodities to stabilize their markets against undue and excessive fluctuations, to preserve advantageous domestic markets for such commodities, to minimize speculation and waste in marketing such commodities, and to encourage the organization of producers of such commodities into coöperative marketing associations.

### FEDERAL FARM BOARD

SEC. 2. (a) A Federal Farm Board is hereby created which shall consist of the Secretary of Agriculture, who shall be a member *ex-officio*, and twelve members, one from each of the twelve Federal Land Bank districts, appointed by the President of the United States, by and with the advice and consent of the Senate, from lists of eligibles submitted by the nominating committee for the district, as hereinafter in this section provided.

(b) There is hereby established a nominating committee in each of the twelve Federal Land Bank districts, to consist of five members. Four of the members of the nominating committee in each district shall be elected by the *bona fide* farm organizations and coöperative associations in such district at a convention of such organizations and associations, to be held at the office of the Federal Land Bank in such district, or at such other place, in the city where such Federal Land Bank is located, to which the convention may adjourn. One of the members of the nominating committee in each district shall be appointed by the Secretary of Agriculture.

(c) The Secretary of Agriculture shall, within thirty days after the approval of this Act and biennially thereafter, with the advice of such farm organizations and coöperative associations as he considers to be representative of agriculture in any district, (1) fix the date on which a convention in such district shall be held, (2) designate the farm organizations and coöperative associations in the district eligible to participate in such convention, and (3) designate the number of representatives and the number of votes to which each such organization or association in the district shall be entitled. The date fixed for the first convention in each district shall be not later than forty-five days after the approval of this Act, and the date fixed for subsequent conventions in the district shall be, as nearly as practicable, two years after the preceding convention. The Secretary of Agriculture shall mail, at least fifteen days prior to the date on which a convention is to be held, to each organization and association eligible to participate in such convention, notice of the date and place of such convention. The Secretary of Agriculture shall prescribe uniform regulations for the procedure at the conventions and for the proper certification of election of the members of each nominating committee.

(d) The term of office of each member of a nominating committee first elected or appointed shall expire two years from the date of his election or appointment, and the term of office of a successor shall expire two years from the date of the expiration of the term for which his predecessor was elected or appointed. Any member of a nominating committee in office at the expiration of the term for which he was elected or appointed, may continue in office until his successor takes office.

(e) The members of each nominating committee shall serve without salary but may be paid by the Federal Farm Board a per diem compensation not exceeding \$20 for attending meetings of the committee. Each member shall be paid by the board his necessary traveling expenses to and from the meetings of the nominating committee and his actual expenses while engaged upon the business of the committee.

(f) Each nominating committee shall, as soon as practicable after the approval of this Act, meet, organize, select a chairman, secretary, and such other officers as it deems necessary, and submit to the President a list of three individuals from its district eligible for appointment to the board.

(g) Whenever a vacancy occurs in the board, or whenever in the opinion of the chairman of the board a vacancy will soon occur, in the office of a member from any Federal Land Bank district, the chairman of the board shall notify the nominating committee in such district. The nominating committee shall, as soon as practicable

thereafter, meet and submit to the President a list of three individuals from such district, eligible for appointment to the board.

#### QUALIFICATIONS AND TERMS OF BOARD MEMBERS

SEC. 3 (a) The terms of office of the appointed members of the board first taking office after the approval of this Act shall expire, as designated by the President at the time of nomination, four at the end of the second year, four at the end of the fourth year, and four at the end of the sixth year, after the date of the approval of this Act. A successor to an appointed member of the board shall be appointed in the same manner as the original appointed members, and shall have a term of office expiring six years from the date of the expiration of the term for which his predecessor was appointed.

(b) Any person appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term.

(c) Any member of the board in office at the expiration of the term for which he was appointed, may continue in office until his successor takes office.

(d) Vacancies in the board shall not impair the powers of the remaining members to execute the functions of the board, and a majority of the appointed members in office shall constitute a quorum for the transaction of the business of the board.

(e) Each of the appointed members of the board shall be a citizen of the United States, shall not actively engage in any other business, vocation, or employment than that of serving as member of the board, and shall receive a salary of \$10,000 a year, together with necessary traveling expenses and expenses incurred for subsistence or per diem allowance in lieu thereof, within the limitations prescribed by law, while away from the principal office of the board on business required by this Act, or if assigned to any other office established by the board, then while away from such office on business required by this Act.

#### GENERAL POWERS

SEC. 4. The board—

(a) Shall annually designate an appointed member to act as chairman of the board.

(b) Shall maintain its principal office in the District of Columbia, and such other offices in the United States as it deems necessary.

(c) Shall have an official seal which shall be judicially noticed.

(d) Shall make an annual report to Congress.

(e) May make such regulations as are necessary to execute the functions vested in it by this Act.

(f) May (1) appoint and fix the salaries of a secretary and such experts and, in accordance with the Classification Act of 1923 and subject to the provisions of the civil service laws, such other officers and employees, and (2) make such expenditures (including expenditures for rent and personal services at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as may be necessary for the execution of the functions vested in the board.

#### SPECIAL POWERS AND DUTIES

SEC. 5. (a) The board shall meet at the call of the chairman, or of the Secretary of Agriculture, or of a majority of its members.

(b) The board shall keep advised, from any available sources, of crop prices, prospects, supply and demand, at home and abroad, with especial attention to the existence or probability of the existence of a surplus of any agricultural commodity or any of its food products.

(c) The board shall advise coöperative associations, farm organizations, and producers in the adjustment of production and distribution, in order that they may secure the maximum benefits under this Act.

#### CONTROL AND DISPOSITION OF SURPLUS

SEC. 6. (a) For the purposes of this Act, cotton, wheat, corn, rice, and swine shall be known and are referred to as "basic agricultural commodities."

(b) Whenever the board finds that the conditions of production and marketing of any other agricultural commodity are such that the provisions of this Act applicable to a basic agricultural commodity should be made applicable to such other agricultural commodity, the board shall submit its report thereon to Congress.

(c) Whenever the board finds, first, that there is or may be during the ensuing year either (1) a surplus above the domestic requirements for wheat, corn, rice, or swine, or (2) a surplus above the requirements for the orderly marketing of cotton, or of wheat, corn, rice, or swine; and, second, that both the advisory council hereinafter created for the commodity and a substantial number of coöperative associations or other organizations representing the producers of the commodity favor the full coöperation of the board in the stabilization of the commodity, then the board shall publicly declare its findings and commence, upon a date to be fixed by the board and published in such declaration, the operations in such commodity authorized by this Act. Such operations shall continue until terminated by the board. Any decision by the board relating to the commencement or termination of such operations shall require the affirmative vote of a



majority of the appointed members in office, and the board shall not commence or terminate operations in any basic agricultural commodity unless members of the board representing Federal Land Bank districts which in the aggregate produced during the preceding crop year, according to the estimates of the Department of Agriculture, more than 50 per centum of such commodity, vote in favor thereof.

(d) During such operations the board shall assist in removing or withholding or disposing of the surplus of the basic agricultural commodity by entering into agreements with coöperative associations engaged in handling the basic agricultural commodity, or with a corporation or association created by one or more of such coöperative associations, or with persons engaged in processing the basic agricultural commodity.

(e) Such agreements may provide for, first, the payment out of the stabilization fund hereinafter established for the basic agricultural commodity, of the amount of losses, costs, and charges of any such association, corporation, or person arising out of the purchase, storage, or sale or other disposition of such commodity or out of contracts therefor, if made after such agreement has been entered into and if made in accordance with the terms and conditions thereof; and, second, the payment into the stabilization fund for such commodity of profits (after deducting the costs and charges provided for in the agreement) of any such association, corporation, or person, arising out of such purchase, storage, sale, or other disposition, or contracts therefor. Any such agreement may further provide for the making of advances out of such stabilization fund to any such association or corporation for financing the purchase, storage, or sale, or other disposition of basic agricultural commodities in accordance with the agreement.

(f) If the board is of the opinion that there is no such coöperative association or associations capable of carrying out any such agreement, the board may enter into such agreements with other agencies.

(g) If the board is of the opinion that there are two or more coöperative associations capable of carrying out any such agreement, the board in entering into such agreement shall not discriminate unreasonably against any such association in favor of any other such association.

(h) During any period in which the board is engaged under this Act in operations in any basic agricultural commodity other than cotton, the provisions of subdivisions (d), (e), and (f) of this section shall have the same application in respect of the food products of the commodity as they have in respect of the commodity.

## COMMODITY ADVISORY COUNCILS

SEC. 7. (a) The board is hereby authorized and directed to create for each basic agricultural commodity an advisory council of seven members fairly representative of the producers of such commodity. Members of each commodity advisory council shall be selected annually by the board from lists submitted by coöperative marketing associations and farm organizations determined by the board to be representative of the producers of such commodity. Members of each commodity advisory council shall serve without salary but may be paid by the board a per diem compensation not exceeding \$20 for attending meetings of the council and for time devoted to other business of the council and authorized by the board. Each council member shall be paid by the board his necessary traveling expenses to and from meetings of the council and his expenses incurred for subsistence, or per diem allowance in lieu thereof, within the limitations prescribed by law, while engaged upon the business of the council. Each commodity advisory council shall be designated by the name of the commodity it represents, as, for example, "The Cotton Advisory Council."

(b) Each commodity advisory council shall meet as soon as practicable after its selection at a time and place designated by the board and select a chairman. The board may designate a secretary of the council, subject to the approval of the council.

(c) Each commodity advisory council shall meet thereafter at least twice in each year at a time and place designated by the board, or upon a call duly signed by a majority of its members at a time and place designated therein.

(d) Each commodity advisory council shall have power, by itself or through its officers, (1) to confer directly with the board, or to make oral or written representations concerning matters within the jurisdiction of the board, (2) to call for information from the board and to make representations to the board in respect of the commodity represented by the council in regard to the time and manner of operations by the board, the amount and methods of collection of the equalization fee, and all matters pertaining to the interest of the producers of the commodity, and, (3) to coöperate with the board in advising producers and coöperative associations and farm organizations in the adjustment of production in order to secure the maximum benefits under this Act.

## EQUALIZATION FEE

SEC. 8. In order that each marketed unit of a basic agricultural commodity may contribute ratably its equitable share to the stabilization fund hereinafter established for such commodity; in order to

prevent any unjust discrimination against, any direct burden or undue restraint upon, and any suppression of commerce with foreign nations in basic agricultural commodities in favor of interstate or intrastate commerce in such commodities; and in order to stabilize and regulate the current of foreign and interstate commerce in such commodities—there shall be apportioned and paid as a regulation of such commerce an equalization fee as hereinafter provided.

#### AMOUNT EQUALIZATION FEE

SEC. 9. Prior to the commencement of operations in respect of any basic agricultural commodity, and thereafter from time to time, the board shall estimate the probable advances, losses, costs, and charges to be paid in respect of the operations in such commodity. Having due regard to such estimates, the board shall from time to time determine and publish the amount for each unit of weight, measure, or value designated by it, to be collected upon such unit of such basic agricultural commodity during the operations in such commodity. Such amount is hereinafter referred to as the "equalization fee." At the time of determining and publishing an equalization fee the board shall specify the period during which it shall remain in effect, and the place and manner of its payment and collection.

#### PAYMENT AND COLLECTION OF EQUALIZATION FEE

SEC. 10. (a) Under such regulations as the board may prescribe there shall be paid, during operations in a basic agricultural commodity and in respect of each unit of such commodity, an equalization fee upon one of the following: The transportation, processing, or sale of such unit. No more than one equalization fee shall be collected in respect of any unit. The board shall determine in the case of any class of transactions in the commodity, whether the equalization fee shall be upon transportation, processing, or sale.

(b) The board may by regulation require any person engaged in the transportation, processing, or acquisition by sale of a basic agricultural commodity—

(1) To file returns under oath and to report, in respect of his transportation, processing, or acquisition of such commodity, the amount of equalization fees payable thereon and such other facts as may be necessary for their payment or collection.

(2) To collect the equalization fee as directed by the board, and to account therefor.

(3) In the case of cotton, to issue to the producer a serial receipt for the commodity which shall be evidence of the participating interest of the producer in the equalization fund for the commodity. The

board may in such case prepare and issue such receipts and prescribe the terms and conditions thereof. The Secretary of the Treasury, upon the request of the board, shall have such receipts prepared at the Bureau of Engraving and Printing.

(c) Every person who, in violation of the regulations prescribed by the board, fails to collect or account for any equalization fee shall be liable for its amount and to a penalty equal to one-half its amount. Such amount and penalty may be recovered together in a civil suit brought by the board in the name of the United States.

#### STABILIZATION FUNDS

SEC. 11. (a) In accordance with regulations prescribed by the board, there shall be established a stabilization fund for each basic agricultural commodity. Such funds shall be administered by and exclusively under the control of the board, and the board shall have the exclusive power of expending the moneys in any such fund. There shall be deposited to the credit of the stabilization fund for a basic agricultural commodity, advances from the revolving fund hereinafter established, and the equalization fees and profits in connection with operations by the board in the basic agricultural commodity or its food products.

(b) The board, in anticipation of the collection of the equalization fees, and in order promptly to make the advances agreed to be made and to provide for the prompt payment of the losses agreed to be paid and the salaries and expenses of experts, may in their discretion advance to the stabilization fund for any basic agricultural commodity, out of the revolving fund hereinafter established, such amounts as may be necessary.

(c) The deposits to the credit of the stabilization fund shall be made in a public depository of the United States. All general laws relating to the embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys of the United States, shall apply to equalization fees collected by any person and to profits payable to the credit of a stabilization fund, whether or not such fees or profits have been credited to the appropriate stabilization fund, as well as to moneys deposited to the credit of the fund or withdrawn therefrom but in the custody of any officer or employee of the United States.

(d) There shall be disbursed from the stabilization fund for any basic agricultural commodity only (1) the amounts agreed to be paid by the board for losses, costs, and charges in respect of the operations in the basic agricultural commodity or its food products, (2) the salaries and expenses of such experts as the board determines should be payable from such fund, and (3) repayments to the revolving fund of any amounts advanced in respect of the agricultural commodity

from the revolving fund to the stabilization fund and remaining unpaid, together with interest on such amounts at the rate of 4 per centum per annum.

(e) When the amount in the equalization fund for cotton is, in the opinion of the board, in excess of the amount adequate to carry out the requirements of this Act in respect of such commodity, and the collection of further equalization fees thereon is likely to maintain an excess, the board may retire in their serial order as many as practicable of the outstanding receipts evidencing a participating interest in such fund. Such retirement shall be had by the payment to the holders of such receipts of their distributive share of such excess as determined by the board. The amount of the distributive share payable in respect of any such receipt shall be an amount bearing the same ratio to the face value of such receipt as the value of the assets of the board in or attributable to the fund bear to the aggregate face value of the outstanding receipts evidencing a participating interest in such fund, as determined by the board.

#### LOANS

SEC. 12. (a) The board is authorized, upon such terms and conditions and in accordance with such regulations as it may prescribe, to make loans out of the revolving fund to any coöperative association engaged in the purchase, storage, or sale or other disposition of any agricultural commodity (whether or not a basic agricultural commodity) for the purpose of assisting such coöperative association in controlling the surplus of such commodity in excess of the requirements for orderly marketing.

(b) The board is authorized, upon such terms and conditions and in accordance with such regulations as it may prescribe, to make loans out of the revolving fund to any coöperative association engaged in the purchase, storage, sale or other disposition, or processing of any agricultural commodity, for the purpose of assisting such coöperative association in the purchase or construction of facilities to be used in the storage or processing of such agricultural commodity. In making any such loan the board may provide for the payment of a fixed number of annual installments which will, within a period of not more than twenty years, repay the amount of such loan, together with the interest thereon. The aggregate amounts loaned under this subdivision and remaining unpaid shall not exceed at any one time the sum of \$25,000,000.

(c) Any loan under this section shall bear interest at the rate of 4 per centum per annum.

**EXAMINATIONS OF BOOKS AND ACCOUNTS OF BOARD**

SEC. 13. Expenditures by the board for loans and advances from the revolving fund and expenditures by the board from the appropriation under subdivision (b) of section 16 shall be allowed and paid upon the presentation of itemized vouchers therefor, approved by the chairman of the board. Expenditures by the board, including loans and advances, from the stabilization funds shall be made by the authorized officers or agents of the board upon receipt of itemized vouchers therefor, approved by such officers as the board may designate. Vouchers so made for expenditures from the revolving fund or any stabilization fund shall be final and conclusive upon all officers of the Government; except that all financial transactions of the board (including payment of the losses and profits under agreements entered into pursuant to this Act) shall, subject to the above limitation, be examined by the General Accounting Office, at such times and in such manner as the Comptroller General of the United States may by regulation prescribe. Such examination in respect of expenditures from the revolving fund or from any stabilization fund shall be for the sole purpose of making a report to the Congress and to the board of expenditures and contracts in violation of law, together with such recommendation as the Comptroller General deems advisable concerning the receipt, disbursement, and application of the funds administered by the board.

**COÖPERATION WITH EXECUTIVE DEPARTMENTS**

SEC. 14. (a) It shall be the duty of any governmental establishment in the executive branch of the Government, upon request by the board, or upon Executive order, to coöperate with and render assistance to the board in carrying out any of the provisions of this Act and the regulations of the board. The board shall, in coöperation with any such governmental establishment, avail itself of the services and facilities of such governmental establishment in order to avoid preventable expense or duplication of effort.

(b) The President may by Executive order direct any such governmental establishment to furnish the board with such information and data pertaining to the functions of the board as may be contained in the records of such governmental establishment. The order of the President may provide such limitations as to the use of the information and data as he deems desirable.

(c) The board may coöperate with any State or Territory, or department, agency, or political subdivision thereof, or with any person.

## DEFINITIONS

SEC. 15. (a) As used in this section and in section 10 (relating to the equalization fees)—

(1) In the case of wheat, rice, or corn, the term "processing" means milling for market of wheat, rice, or corn or the first processing in any manner for market (other than cleaning or drying) of wheat, rice, or corn not so milled, and the term "sale" means a sale or other disposition in the United States of wheat, rice, or corn for milling or other processing for market, for resale, or for delivery by a common carrier—occurring after the beginning of operations by the board in respect of wheat, rice, or corn.

(2) In the case of cotton, the term "processing" means ginning, and the term "sale" means a sale or other disposition in the United States of cotton for milling or ginning for market, for resale, or for delivery by a common carrier—occurring after the beginning of operations by the board in respect of cotton.

(3) In the case of swine, the term "processing" means slaughter for market by a purchaser of swine and the term "sale" means a sale or other disposition in the United States of swine destined for slaughter for market without intervening holding for feeding (other than feeding in transit) or fattening—occurring after the beginning of operations by the board in respect of swine.

(4) The term "transportation" means the acceptance of a commodity by a common carrier for delivery.

(5) The term "sale" does not include a transfer to a coöperative association for the purpose of sale or other disposition by such association on account of the transfer; nor a transfer of title in pursuance of a contract entered into before, and at a specified price determined before, the commencement of operations in respect of the basic agricultural commodity. In case of the transfer of title in pursuance of a contract entered into after the commencement of operations in respect of the basic agricultural commodity, but entered into at a time when, and at a specified price determined at a time during which, a particular equalization fee is in effect, then the equalization fee applicable in respect of such transfer of title shall be the equalization fee in effect at the time when such specified price was determined.

(b) As used in this Act—

(1) The term "person" means individual, partnership, corporation, or association.

(2) The term "United States," when used in a geographical sense, means continental United States.

(3) The term "coöperative association" means an association of persons engaged in the production of agricultural products, as farmers, planters, ranchers, dairymen, or nut or fruit growers, organized to carry out any purpose specified in section 1 of the Act entitled

"An act to authorize association of producers of agricultural products," approved February 18, 1922, if such association is qualified under such Act.

#### REVOLVING FUND AND APPROPRIATION

SEC. 16. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$250,000,000, which shall be administered by the board and used as a revolving fund, in accordance with the provisions of this Act. The Secretary of the Treasury shall deposit in the revolving fund such amounts, within the appropriations therefor, as the board from time to time deems necessary.

(b) For expenses in the administration of the functions vested in the board by this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000, to be available to the board for such expenses (including salaries and expenses of the members, officers, and employees of the board and the per diem compensation and expenses of members of the commodity advisory councils and the nominating committees) incurred prior to July 1, 1928.

#### SEPARABILITY OF PROVISIONS

SEC. 17. If any provision of this Act is declared unconstitutional or the applicability thereof to any person, circumstance, commodity, or class of transactions in respect of any commodity, is held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons, circumstances, commodities, and classes of transactions shall not be affected thereby.

#### SHORT TITLE

SEC. 18. This Act may be cited as the "Surplus Control Act."

### REPORT TO ACCOMPANY AGRICULTURAL SURPLUS CONTROL BILL: S. 4808—EXTRACT

(United States Senate Committee on Agriculture and Forestry)

Bills for the control of agricultural surpluses in the Sixty-eighth Congress and again in the first session of the Sixty-ninth Congress met with certain objections. Although your committee does not feel that the objections were valid, changes have been made in the present bill to meet them. The bill is drawn to conform as closely as possible



to the recommendations of the coöperative marketing associations that have appeared before the committee. The bill was devised after careful attention by operating officials of large coöperatives, and men familiar with sound economics and good practice in the commercial field.

While the present bill is based upon the same principles as the Federal farm board and surplus control act (Senate committee amendment to H. R. 7893) reported to the Senate in the first session of the present Congress, and is similar in its purpose and powers conferred, there are some important differences. These may be enumerated as follows:

(1) The new bill eliminates all references to prices, as, for example, the former declaration of the policy of Congress to protect domestic markets against world prices, and the former prohibition of payment of losses in respect of a basic agricultural commodity purchased at a price which, in the opinion of the Federal Farm Board, is in excess of a fair and reasonable price.

(2) The new bill provides for a nominating committee for each Federal land-bank district in lieu of the Federal farm advisory council. The functions of the two organizations are the same, namely, the selection of three nominees from each Federal land-bank district from which the President is required to make his appointment of the member of the Federal Farm Board from such district.

(3) The new bill omits cattle and butter from among the basic commodities and adds rice.

(4) The equalization funds are renamed stabilization funds.

(5) Issuance of serial receipts evidencing a participating interest in an equalization fund is limited to cotton in the new bill. In the old bill such receipts could be used in respect of all basic agricultural commodities.

(6) In the new bill the equalization fee can be imposed at the time of the transportation, in lieu of the processing or sale, of the basic agricultural commodity.

(7) The new bill eliminates the provision prohibiting equalization fees in respect of cotton or corn prior to three years from the date of the passage of the act and thereafter unless specifically authorized by Congress.

(8) The old bill provided that the board might require a person engaged in the processing or purchasing of a basic agricultural commodity to collect the equalization fee from the producer. The new bill provides that the board may require any person engaged in the transportation, processing, or purchasing to pay the equalization fee on the commodity as it passes through his hands.

(9) The new bill provides that operations in a basic agricultural commodity shall not be commenced or terminated unless members of

the board representing Federal land-bank districts, which in the aggregate produced during the preceding crop year more than 50 per centum of such commodity, vote in favor thereof. The old bill had no corresponding provision.

(10) The new bill provides for a commodity advisory council for each basic agricultural commodity. There was no corresponding provision in the old bill.

(11) In the new bill the authorized appropriation for administrative expenses of the board is made \$500,000 to be available for expenditures incurred prior to July 1, 1928. In the old bill the sum was \$300,000 for expenditures incurred prior to July 1, 1927.

(12) The new bill more clearly defines the functions of the Comptroller General in regard to the stabilization funds and the revolving fund.

(13) The Federal Farm Board is authorized to make loans from the revolving fund to any coöperative association engaged in the purchase, storage, or sale of any agricultural commodity (whether or not a basic agricultural commodity) for the purpose of assisting in the control of the surplus in excess of the requirements of orderly marketing. The board is also authorized to make loans from the revolving fund to any such coöperative association for the purpose of assisting in the purchase or construction of storage or processing facilities. Loans belonging to this second class outstanding at any one time shall not exceed \$25,000,000. The old bill contained none of these loan provisions.

(14) Under the new bill, the term "coöperative association" means an association qualified under the Capper-Volstead Act. Under the old bill the term "coöperative association" meant an association whether or not qualified under that act.

In all the other important respects the old bill and the new bill are substantially the same. Many changes in arrangement and phraseology have been made.

## FEATURES OF THE McNARY-HAUGEN MEASURE

BY MARK L. GOODWIN

The McNary-Haugen bill passed by the Senate last Friday and the pending order of business in the House of Representatives is a surplus control act to aid in the orderly marketing of agricultural commodities. The commodities which are covered by the legislation are wheat, cotton, corn, rice, tobacco, and swine. Tobacco was added by the Senate and will be included by the House.

The purposes set out by the bill are to enable producers of the commodities named to stabilize their markets against undue and excessive

fluctuations; to preserve the advantage of the domestic markets for the commodities; minimize speculation and waste in marketing the commodities, and to encourage the organization of producers of the commodities into coöperative marketing associations.

The law would be operated by a Federal farm board of twelve members, one appointed by the President from each of the Federal land-bank districts, for terms ranging from two to six years. The bill creates a nominating committee of seven members for each of the land-bank districts. The nominating committee selects three names as being eligible to appointment as members of the board from that district. The President, in making the appointment, is given small option, since he is required to appoint one of the three persons whose names are given him.

#### CHIEF POINT OF ATTACK

One of the chief points of attack against the bill in both houses has been this method of selecting the eligibles and the restriction of the President's power in making appointments.

Four of the seven members of the nominating committee for each district are to be selected by the *bona fide* farm organizations and coöperative associations in such district at a convention to be held in the district. In an endeavor to soften the complaint against this feature of the bill and to minimize the opportunity for an executive veto, the Senate adopted an amendment which requires that two members of the nominating committee in each district shall be selected by majority vote of the "heads of the agricultural departments of the several States of each Federal land-bank district," at a meeting to be held at the same time and place as the convention of the *bona fide* farm organizations and coöperative associations.

Thus, in the Tenth Land Bank District, the two members would be selected by the Texas State Commissioner of Agriculture, since Texas alone comprises the district. The seventh member of the nominating committee in each district is to be named by the Secretary of Agriculture of the United States. Conventions for selection of the other members are to be called by the Secretary of Agriculture under procedure which the bill sets out.

#### PROVISION FOR PAY

All members of the nominating committees serve for two years and without pay, but "may be paid by the Federal Farm Board a per diem not exceeding \$20 a day for attending meetings of the committee." Also they are allowed traveling expenses. Members of the Federal Farm Board appointed by the President from the list of eligibles selected by the nominating committee are paid \$10,000 a year.

For the purposes of the bill wheat, cotton, corn, rice, tobacco, and swine are defined as "basic agricultural commodities." Its operations, however, are extended, except in the case of cotton, to the food products of the commodities. Operation of the plan is to be undertaken with a revolving fund of \$250,000,000 from the Federal Treasury.

The Federal Farm Board is authorized to make loans at 4 per cent interest to coöperative associations handling agricultural products whether included in the list of basic commodities or not, for the purpose of assisting them in controlling surpluses, and loans are up to the limit of \$25,000,000. The main operations under the bill, however, are limited to the basic commodities listed. When the farm board finds that conditions of production and marketing warrant similar control of other agricultural commodities it is directed to so report to Congress.

#### \$500,000 APPROPRIATION

The bill authorizes an appropriation of \$500,000 for administrative purposes, prior to July 1, 1928.

Prior to the commencement of operations in any basic commodity, the board must ascertain and declare the existence of certain specified conditions. It must find there is or may be during the ensuing year either a surplus above the domestic requirements or a surplus above the requirements for the orderly marketing of the commodities specified in the bill, and given above. Also it must find that both the advisory council for the commodity, and a substantial number of the coöperative associations or other organizations representing the producers of the commodity favor the full operation of the board in the stabilization of the commodity.

The bill creates a commodity advisory council for each of the basic agricultural commodities. Each council is composed of seven members, representatives of the producers of the commodity and selected by the Federal Farm Board from a list of nominees submitted by coöperative marketing associations and farm organizations. The commodity advisory councils in addition to participating in the commencement of operations as before indicated, may also call for information from the Federal Farm Board, confer with it, and coöperate with it in advising producers and coöperative associations and farm organizations in the adjustment of production. Members of the councils would serve without salary, but receive \$20 a day while attending meetings and for the time devoted to other business of the councils.

## DATE OF OPERATION

When the conditions before given are found to exist the Federal Farm Board is to fix the date for commencement of its operations. The operations are to be executed through contracts with coöperative associations of the producers or with the processors of the commodities or with other agencies, if there are no coöperative associations capable of carrying out the agreements. The board itself can neither buy nor sell.

Contracts with coöperative or others will be designed to assist in the removing, withholding or disposing of the surplus. They may provide:

First, payment out of the stabilization fund, established for the particular commodity the amount of the losses, costs and charges arising out of the purchase, storage, or sale, or other disposition of such commodity, or out of contracts therefor.

Second, the payment into the stabilization fund for such commodity of profits arising out of the transactions.

## HEART OF BILL

These provisions with the supporting ones for creation of stabilization funds and for collection of an equalization fee, constitute the heart of the bill. The stabilization funds are to be made up in each case by advances from the \$250,000,000 revolving fund, which the Government puts up, together with the equalization fee to be collected upon each unit of the commodity, such as bushel of wheat, bale of cotton, etc., entering into commerce. A third source of the fund is the profits of the operation.

Operation would be as follows: The amount found necessary to stabilize a commodity is taken from the \$250,000,000 advanced by the Government and is known as the stabilization fund. This transaction would be necessary in order to give the board capital upon which to begin operations. In turn, the stabilization fund would be supported by the collection of the equalization fee from the producers. Under the theory of operation the fee paid by the producers would create a stabilization fund, so that the amount "loaned" from the revolving fund would be paid back, together with 4 per cent interest.

## EQUALIZATION FEE LEVY

As soon as the Federal Farm Board begins its operations it must immediately levy the equalization fee. The process of collection will be outlined further on. The fee paid by any class of producer is to be used wholly for that commodity. The fee, without restrictions as to

amount, is to be determined by the Federal Farm Board on the basis of estimates of the probable advances, losses, costs, and charges to be paid in respect to the operation in each commodity.

To secure such an estimate in the case of wheat, for example, it would be necessary to consider not only the probable production and the probable surplus above domestic requirements, the price proposed to be maintained in the American market, and the difference between that price and the world price at which the surplus will have to be sold in foreign markets. No formula is carried in the bill for distribution of the "fair American price," but this is generally taken to mean the world price plus the amount of the tariff. In the case of wheat, it is 42 cents a bushel.

#### COTTON ON THE FREE LIST

Of the commodities dealt with by the bill, cotton is on the free list, that is, it enjoys no so-called tariff protection, and is the only commodity which enters into foreign trade larger than domestic trade. American exports are nearly two-thirds of the world's trade in cotton, and it is thought impossible to maintain a higher price in the domestic market than in the world market. The plan of the legislation looks toward the stabilization of the world price for cotton by withholding the heavy flow of cotton to the market during years of heavy production and carry over sufficient of the surplus from year to year, thus maintaining prices at a profitable level in the world markets.

A point of interest in consideration of the bill is the equalization fee, and particularly as to cotton. Efforts to eliminate the fee as to all commodities for two years were unsuccessful. An effort to make the fee apply to wheat, corn, rice, tobacco, and swine, but defer it on cotton for two years, also failed, and because it failed some of the Southern Senators who had supported the bill voted against it on final passage. As the Senate adopted the bill, there is doubt just where the equalization fee as to cotton is to be applied. Originally, it was intended to be collected from the farmer at the cotton gin, and so remains in the House bill, but the Senate removed the definition of "processing" and "sale" as to cotton, thereby leaving the board with power to say at what point the fee on cotton shall be paid to the stabilization fund. The processes under the bill is silent on many material points, but the outstanding intention with respect to the equalization fee is that the producer of the commodity shall pay it, therefore it would be collected from him at the first opportunity by the agency that is to pay it to the Federal Farm Board.

#### FEE PAYMENT REQUIREMENTS

At any rate, the bill requires the payment of the equalization fee upon one of the following (transactions):

"The transportation, processing or sale of such unit" (that is, each bushel of wheat, bale of cotton, etc.), but only one fee as to each unit."

The bill adds: "The Federal Farm Board shall determine in the case of any class of transactions in the commodity whether the equalization fee shall be paid upon the transportation, processing, or sale."

Under its own regulations the board may require any person engaged in transportation, processing, or acquisition by sale of a basic agricultural commodity to report under oath, his transaction, the amount of the equalization fee payable thereon and such other facts as may be necessary for their payment or collection. The board also may require such person to collect the equalization fee. Every person who, in violation of the regulations of the board, fails to collect or account for any equalization fee shall be liable for its amount and to a penalty of one-half addition. Such amount and penalty may be recovered together in a civil suit brought by the board in the name of the United States.

In the case of wheat, rice, corn, or tobacco (for collection of the equalization fee) the term of "processing," so says the bill, means milling for market or the first processing in any manner for market, and "sale" means sale or other disposition in the United States for milling or other processing for market, for resale or for delivery by a common carrier. In the case of swine processing is the slaughter for market by a purchaser of the hog and sale means sale or other disposition in the United States of swine destined for slaughter for market without intervening holding for feeding or fattening."

#### DEFINES TRANSPORTATION

The term "transportation" is defined to mean the acceptance of a commodity by a common carrier for delivery.

The term sale does not include a transfer to a coöperative association for the purpose of sale or other disposition by such association.

The bill passed the Senate by vote of 47 to 39, or a majority of eight, whereas a year ago the prior bill was defeated by majority of six.

Senators from cotton-producing states obtained amendments to the bill, the purpose of which are to "ease" its operation as applied to that staple. Before the bill was reported to the Senate, Senator Mayfield of Texas secured an amendment which restricted operation and which the Senate in adopting enlarged. The provision was made to read:

"Any decision of the board relating to the commission or termination of such operation shall require the affirmative vote of a majority of the appointed members in office, and the board shall

not commence or terminate operations in any basic agricultural commodity unless members of the board representing Federal land-bank districts which in the aggregate produced during the preceding crop year, according to the estimates of the Department of Agriculture, more than 50 per cent of such commodity, vote in favor thereof, and until the board shall become satisfied that a majority of the producers of such commodity favor such action."

#### SIMMONS AMENDMENT

Senator Simmons of North Carolina also secured adoption by the Senate of an amendment designed to give the unorganized farmer a chance to express himself, but which expression is not made binding upon the Federal Farm Board in the matter of beginning operations as to the particular commodity involved. The Simmons amendment reads:

"Provided, that in any State where not as many as 50 per cent of the producers of the commodity are members of such coöperative associations, or other organizations, an expression from the producers of the commodity shall be obtained from a State convention of such producers, to be called by the head of the Department of Agriculture of such State under rules and regulations prescribed by him."

Owing to the short time remaining of the session, managers of the bill in the House will launch a movement for acceptance of the bill passed by the Senate, and abandon the House bill entirely. Otherwise, they fear that any delay of the legislation would mean its defeat. Once the law is in operation, they feel that its defects could easily be corrected by a future Congress.

### THE FARMER'S BUSINESS

*(American Review of Reviews)*

The dissatisfaction among the farmers of the Corn Belt continues to furnish ample material for discussion in the public prints of the Middle West and of the nation at large. In September a diagnosis of the Iowa farming situation contributed by former Governor Henry J. Allen of Kansas to the *Nation's Business* (Washington, D. C.) called out from Governor Hammill of Iowa a good-natured but pointed protest in the form of an open letter which was widely circulated in both states. We quote below those paragraphs of Governor Allen's article to which Governor Hammill took most decided exception:

"It is an oddly ironical fact that the present unhappy condition of the Iowa farmer is traceable directly to the veritable orgy of prosperity that pursued the Iowa farmer in the war period. His present condition is not the result of poor crops or bad prices.



"It is a reaction from a giant speculation in real estate. It can't be cured by law. There is no legislative remedy for a busted boom. Time necessary for readjustment is nature's only remedy.

"The trouble came about in this fashion. The dependability of the harvest in Iowa, which seldom scores a failure, and the high prices for the crop, especially for the corn, during the war period, seemed to turn the rich soil of Iowa into a vast gold mine. Farmers began to estimate the value of their lands upon the unheard-of results of the unusual period.

"An era of land speculation set in. Farmers mortgaged the old home place for money with which to make partial payment on additional land bought under a hectic speculation. Some farm lands in Iowa sold around \$500 per acre. The farm that was not valued at \$400 per acre was poor. I was told of some instances where the price of farm land went to \$600 per acre, and some beyond that. This was just for plain soil, with nothing in it but the deep black loam of Iowa. It didn't contain gold or even silver. It had beneath it no oil or mineral. It wasn't good for anything except farming for major farm commodities.

"Everybody caught the spirit of speculation and men grabbed for land as though their soul's salvation depended upon the possession of more Iowa farm land. Conservative bankers caught the fever and the whole community of Iowa broke out pink and rosy with it. Then came pay day, just as pay day came to others who had been living in the fool's paradise of war-time profits."

To make his illustration more effective, by way of comparison of conditions in the States of Iowa and Kansas, Governor Allen cited several instances of marked prosperity among the Kansas farmers, notably in Sedgwick County. In fact, he went farther and showed that by applying the same tests to the farmers and to the merchants of Kansas towns, it would be found that in the case of two hundred farmers, the failures were less than 2 per cent, while among over one hundred town merchants in the same period, the failures were 72 per cent. Governor Allen believes that with fair transportation rates and an honest market the farmer will work out his own salvation. "He is in all human probability at the highest point of effectiveness that has characterized his effort at any time. Most certainly he has made excellent use of the scientific aids that have come to the profession of farming. He is a better farmer than he has ever been."

#### GOVERNOR HAMMILL'S REPLY

In his letter of remonstrance, Governor Hammill complains that the former Governor of Kansas takes particular instances and reasons from them to general conclusions. In reply to the statement that

the present plight of the Iowa farmer is simply a "reaction from a general speculation in real estate" and is not the result of bad prices, Governor Hammill admits many instances of land sold beyond its value and that the results of such sales were disastrous to those involved, but he denies emphatically that this element of speculation has affected any large proportion of Iowa farmers:

"Less than 7 per cent of the Iowa farmers are operating land that changed hands during the war and post-war inflation. Land speculation obviously does not account for the disadvantages of the other 93 per cent. It may be argued that the increasing dollar prices of land have burdened the rest of the farmers in taxes, but if this is true in Iowa, it is likewise true in Kansas. The Department of Agriculture estimates that the tax per acre of land in Iowa had increased 220 per cent in 1921-22 compared with that of 1913-14; but in Kansas the increase had been 229 per cent. (Page 1002, 1922 Year Book, Department of Agriculture.)

"As a matter of fact, a great deal of nonsense has been written about inflation in Iowa land values. The price of Iowa land as a whole has not even kept pace with the general inflation. The Census reports Iowa lands worth, in 1910, \$2,801,974,000; in 1925, \$3,976,665,000—an advance of 42 per cent. The advance in the general price level was 56 per cent. Farm lands in Iowa, therefore, lost decidedly in value during the last fifteen years when measured in terms of many commodities instead of in terms of one commodity—gold. In other words, expressed in terms of purchasing power or exchange value, the Iowa farm lands in 1925 were priced at only 90 per cent of their 1910 valuation, using Census figures as the basis in both instances."

Governor Hammill contends that the high values so frequently cited as prevailing on Iowa farm lands are the exception rather than the rule:

"You have a great deal to say about \$600 per acre land in Iowa; and apparently seek to convey the impression that Iowa farmers in general have placed and are seeking to maintain some such valuation on their lands. Again I refer you to the Census. Ninety-four per cent of Iowa's land area is in farms, and 85 per cent of the land in farms is improved. The investment in tilling, fencing, and improvements other than buildings is a heavy one in Iowa, yet, including it, the average price of Iowa farm land in 1925 was just \$119.28 per acre, according to the Census.

"The land price of the average Iowa farm in 1925 is given by the Census as \$18,595; in Kansas, as \$11,353. The ratio of the current land price of the average Iowa and Kansas farms is therefore about as 10 to 6. I do not assume to say that this proportion is wholly justified by differences in productivity and other desirable factors

between the farms of Iowa and those of Kansas. But neither am I willing to pass by without comment your implication that the difference is entirely due to an unwarranted inflation of Iowa land prices. Differences in productivity undoubtedly account for at least a considerable part of the differences in price. For example, the respective average per acre yields of corn in Iowa and Kansas for the eleven years 1914-1924 were 38.3 and 18.8 bushels, a ratio of about 10 to 5; of wheat, 18.7 and 13.8 bushels, a ratio of about 10 to 7; of oats, 37.7 and 26 bushels, a ratio of about 10 to 7; the average number of cattle on each farm of Iowa and Kansas in 1925 was 20.8 and 18.9 head, a ratio of about 10 to 9; and of hogs, 40.7 and 13.5 head respectively, a ratio of about 10 to 3.

"The average Iowa farm is valued at about \$1,000 less than it was in 1910, if dollars of the 1910 purchasing power be used as the measuring stick. Similarly, the average Kansas farm is valued at about fourteen hundred "1910 dollars" less than in 1910, if the 1925 Census valuations are approximately correct. There does not appear to be any real "inflation" in land values, either in Iowa or Kansas. On the contrary, land values have failed to keep pace with those of other goods."

It does not seem to Governor Hammill that the enormous increase in farm indebtedness between 1910 and 1925 can be accounted for as the result of land speculation.

"Something happened to the farmers of the United States between 1910 and today that is not explainable on the hypothesis of land speculation in Iowa. The farm indebtedness increased from about four billion dollars in 1910 to over twelve and a quarter billions in 1920, and the figures of the 1925 Census show conclusively the drift toward greater indebtedness that has been in evidence since 1920.

"The Census reports give the total mortgages only for those farms whose full owners operate them, and even then it is estimated that a large portion do not report their mortgages. The Census debt figures are valuable chiefly to show trends and relative indebtedness, but for that purpose I wish to call your attention to the fact that the farm mortgage debt reported from Kansas in the 1910 Census was \$70,819,736; in 1920, \$109,914,464; and in 1925, \$130,230,681, an increase in five years of over twenty million dollars, or four million dollars a year. At the same time the value of the mortgaged farms reported from Kansas dropped from \$424,469,454 in 1920, to \$332,699,950 in 1925, so that the Kansas ratio of debt to land value leaped from 25.9 per cent in 1920 to 39.1 per cent in 1925."

The viewpoint of the Corn Belt farmer in regard to the price fluctuations of recent years is emphasized by Governor Hammill in the following paragraphs:

"I cannot refrain from expressing my belief that your article would have had an altogether different tone had it not been for the singular

combination of circumstances which operated on behalf of the wheat growing States in 1924 and 1925. In 1924 there was a world wheat failure of such extent that wheat not only in the United States but elsewhere had approximately its pre-war purchasing power—and Kansas had a very good crop. Prices for hogs and beef cattle remained disastrously low. The corn price was fairly good, but the yield in Iowa was almost unprecedentedly low. In 1925 wheat again benefited from an accidental combination of circumstances, the domestic production being but little in excess of domestic needs, so that the tariff assisted in maintaining a value that roughly approximated the pre-war purchasing power, while the price of corn, due to excess production brought about by favorable weather conditions, dropped far below production costs.

"I do not see how the conclusion can be escaped that it was the favorable price relation for wheat in 1924 and 1925 that accounts for any difference there may be in the attitude of the farmer of Kansas and that of the farmer of Iowa toward a program for agricultural betterment. Even so, if the expressions of the farm organizations of Kansas represent the view of the Kansas farmers upon their own situation, this difference is not as marked as one would judge from your article."

### EXTRACTS

Roger Babson: Ten per cent too many farmers is the cause of all the trouble.

\* \* \* \* \*

*The New Republic*, April 28, 1926: Before the war the United States sent abroad interest on foreign investments to the amount of \$200,000,000—paid largely in exports of wheat, pork, and cotton. Interest payments coming other way now, and Europe's buying power for farm products badly depressed.

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Henry J. Allen, former Governor of Kansas, in *Nation's Business* of September, 1926: The American farmer is not a failure. He has had bad times and good times along with the rest of us, and his times today are looking up rather than down.

\* \* \* \* \*

Department of Agriculture: From 1909 to 1919, largely as result of war-time prices, 40,000,000 acres of pasture land had been plowed up, and put into crops, and 5,000,000 acres of forest land had been cleared for crops. Had there been same rates of increase from 1909 to 1919, as during the previous decade relative to the increase of population, only about 23,000,000 acres additional of crop land would have been brought under cultivation. Similar expansion occurred in other countries outside Europe.

# AFFIRMATIVE SELECTIONS

## THE AMERICAN FARMERS' REVOLT

(*Current History*, May, 1926)

Farm profits are inadequate. That is the main thing wrong with American agriculture. Most other troubles trace back to this source. This situation has resulted in the last five years in the exodus of more than one million people from the farms to the cities, in a time when the population of the country increased 7,000,000. Apparently we are destroying our country civilization, which from the days of the "embattled farmers" at Concord has been the bulwark of the nation in times of trial. Is such a policy wise, from a national standpoint, when viewed from the long trend, as it dips into the future and untried years?

Farming represents a capital of \$59,000,000,000. The return on the investment last year was about 3 per cent. Five years ago the value of this business, according to the United States Department of Agriculture, was \$79,000,000,000. This represents a depreciation of \$20,000,000,000, or \$4,000,000,000 a year, in a time which has witnessed phenomenal prosperity in every other pursuit. Doesn't this pretty well eliminate the claim—which is always irritating to folks who really know the economics of agriculture—that the farmer's trouble is due to his failure to "write off" his inflation? Just how much, might I ask, is he expected to write off? Are we going to allow this epoch of hard times for farmers to be continued until they depreciate their property 100 per cent, and the last of them have moved to more profitable refuge of the territory along the great white ways?

For every dollar of national income received by workers in other activities the farmers of the United States receive less than half a dollar per capita, according to the National Industrial Conference Board, which recently concluded a year's study of the agricultural situation. In the ratio of a dollar of the national income received by other workers the farmers' per capita share, the board's report stated, was as follows:

1920.....	\$0.39
1910.....	.41
1900.....	.46
1890.....	.36
1880.....	.31
1870.....	.40
1860.....	.38
1850.....	.31

The report of this National Industrial Conference Board, composed of nationally known business and banking executives, shows that in 1924 the average annual net income of the farmer was \$730, as against \$1,250 for the common laborer, \$1,678 for preachers, \$1,298 for teachers, \$1,650 for Government employes, and an average of \$1,450 for all walks of life outside of agriculture.

The report declares that if American agriculture continues to lag in comparison with the general economic development of the country it will be a matter of consequence to industry, finance, general business, and the nation as a whole. Since 1900 exports of agricultural products have been decreasing and imports increasing. Production of farm products has not kept pace with the population growth. The board declares that this weakened position in meeting foreign competition at home and abroad has resulted from a tendency of expenses to rise more rapidly than prices received by the farmer for his crops. It points out that overhead capital costs, including taxes and interest, between 1880 and 1900, increased 605 per cent; from 1900 to 1910 the increase was 100 per cent, and it was nearly 600 per cent from 1900 to 1920. Since 1900, the report states, farm labor cost has gone up 90 per cent. Between 1900 and 1920 there was an increase of 116 per cent in the operating cost per unit of production, covering materials and products purchased by the farmers. While combined costs per unit of product rose more than 300 per cent in twenty years, the report states, the wholesale prices of farm products increased only 120 per cent. The direct result of this is that the farmers are working on a narrower margin of profit and their incomes have been steadily decreasing.

The average earnings of the people engaged in farming are 23.1 cents an hour. Factory workers get 56.1 cents, railroaders 58.3 cents, anthracite miners 83.4 cents, workers in the building trades \$1.05.

#### FARMER AT ECONOMIC DISADVANTAGE

The report of the National Industrial Conference Board indicates the necessity for giving constructive attention to the problems of agriculture, some of which today are acute. The farmer is fighting an unequal battle, because he is not strongly fortified to resist unfavorable marketing conditions and has but little control over the sale of his production, and because so far he has been unable to act as a unit. This industry is so essential to the prosperity of the nation, so vital to all persons in other industries, that it should be given every help until it is placed firmly on its feet. Agriculture does not wish to be patronized or subsidized. All it asks is a square deal and an opportunity equal to that given other industries to make good. If it has the same chance it will do as well.

Let us examine the situation from the standpoint of index prices. If we take 1913 as the base of 100, we find that in 1924 wheat was selling at 139 per cent, corn 145, hogs 100, cattle 96. During the same year some of the main things a farmer must buy had a percentage like this: Clothing, 190.9 per cent; building material, 175.1; household furnishings, 172.8, and metals, 134.5. The average index of all agricultural products in 1924 as compared with 1913 was 134 per cent. The average for non-agricultural products in the same year was 161.6.

Thus the real trouble stands disclosed—a differential of 27.6 against farmers. And let it be proclaimed from the housetops that this disadvantage is not due to the farmer's "extravagant habits," nor to his "improvidence," nor to "too many automobiles," nor to "too much instalment plan furniture," nor to "too many bathtubs." Nor to any of those things to which a farmers' business troubles are not infrequently so glibly attributed by people who are either ignorant or who wish to mislead the general public. This adverse position is not due to too much of anything—for the farmer has not had too much of anything in the last five years except grief—it is due to too small proceeds when he sells his commodities.

The farmer thus stands revealed in his economic disadvantage. He cannot, under the existing system, be assured of the cost of production, yet by legislative fiat we have decreed that railroads shall have a return of 5.75 per cent on their investment. Moreover, we have stabilized the manufacturers' prices and profits and labor's wages by protective tariffs, and we have protected labor in its entirely proper enjoyment of the American wage and the American standard of living by drastic immigration restrictions.

Yet there is a disposition to criticize the farmer when he asks the Government to give the farming industry the same sympathetic consideration it has repeatedly, and in the main entirely properly, given other groups in the national community. He is entirely too frequently described as a "radical." Nothing is further from the truth. The western farmer is not "radical." In general the western farmer is a sober, clear-thinking, straight-voting kind of man; he is no more radical in his thinking than is the average business man. The farmer is simply determined that his business shall be put on a more dependable and stable basis. In bringing this about he should have earnest coöperation of every thinking citizen. He is asking for no special favors, no subsidies, and no paternalistic experiments. He is merely asking equal consideration. Surely none will deny that he is entitled to that.

In getting down to an item-by-item study of the causes for the economic debacle of agriculture we find that to one evil—excess or surplus production—may be traced some of the most serious ills. It

is largely responsible for the symptoms of inadequate returns, discontent, discouragement, debt, and the inability to make progress because of a lack of means, so evident in the farming industry.

When there is a surplus produced of any crop above the needs of the home market, this excess production, of 10 to 20 per cent, or perhaps less, places the price for the whole crop on a world level. We have a tariff on wheat, for example, of 42 cents a bushel. Obviously, it would have no chance to function when we are exporting the great bread grain, for there would be no imports. Meanwhile the farmer must continue to buy in a protected market. And right at this point there is a place for action.

#### NEED OF EXPORT CORPORATION

Agriculture must be placed squarely under the protective system. Our tariff must apply effectively to agricultural surpluses, otherwise its beneficent protection is likely, I fear, to be removed from our surpluses of manufactured products. Few farmers, I am glad to say, subscribe to a program of arbitrary price-fixing by the Government, or other purely political expedients that are unsound and impractical. While the Government should not engage in the buying and selling of commodities, nor in the arbitrary fixing of prices, certainly it can take a more active part in finding a better market for our agricultural surplus, for it is obvious that the surplus must be provided for before a stabilized agriculture can be assured. This can perhaps best be handled by an export corporation, which will move the surplus production abroad, and allow the loss to be spread evenly over the entire crop. This would enable wheat, for example, to get the full tariff protection of 42 cents a bushel on the 650,000,000 bushels a year which we use in the United States, after we had sold the surplus of perhaps 100,000,000 to 200,000,000 bushels in the world markets.

Several bills have been introduced into Congress to help bring this about. Perhaps the Dickinson bill has encountered the most favor. I do not know whether it will command enough votes to make its passage possible, but I do think that the export corporation plan is practicable and that something can be done along this line which will have real results in putting agriculture on a more satisfactory economic plane.

Coöperative marketing is a sound and proper activity for the farmer, and it is making real progress; about \$2,500,000,000 worth of agricultural products are handled in this way every year. But the coöperative movement alone and unaided cannot, for many years at least, solve the surplus problem. It will take an export corporation, started by the Government, to handle it.



I think that some helpful results along this line may be expected soon. It has appeared strange to American farmers that nothing has been done here, while the coffee planters of Brazil, with the help of their government, can get a fair price for their product and control the surplus. Peons in Yucatan get a profitable price through an export restriction on sisal, and they make the farmers of the United States pay for it, while they must suffer from every surplus they produce. Naturally, our farmers cannot see why the same protective system should not be applied to their products.

Farmers must have a substantial readjustment in freight rates. I hope that the inquiry now being conducted by the Interstate Commerce Commission under the Hoch-Smith resolution will result in a revision of the entire freight rate structure of the country and place transportation costs on a basis that will be fairer to agriculture. Not only is agriculture not in a position to assume increased burdens—it is unable to carry the freight burdens now levied. The general level of freight rates is not too high. What is asked is not a flat reduction, but a revision of the entire rate structure which will remove the preferential rates favoring the large industries and cities and the discrimination that exists against the smaller towns, which are the farmer's shipping and receiving points.

#### BANKING SYSTEM INCREASES BURDEN

The farmer still feels that our banking system is not meeting the needs of agriculture. It may serve fairly well in normal times, but too often he finds high interest rates and "hard-boiled" banking practices applied to agriculture at a time when he is least able to carry the burden. Inadequate finance for agriculture is responsible for a large share of our business troubles of the last four years. The Intermediate Credit System, as well as the Federal Reserve System, needs to be liberalized.

In other directions, too, the farmer is interested. He would like to see prompt action in the development of the inland waterways—the St. Lawrence-Great Lakes, Mississippi, Ohio, and Missouri projects. Agriculture is much concerned over the delay at Muscle Shoals, and it would like to see this plant put in condition for the production of fertilizers at once. Farmers think the country should go slow in developing new irrigation and reclamation projects.

Something should be done in the matter of farm taxes. In general they are too high and out of line with taxes on other property. From 1914 to 1925 they increased 140 per cent. Agriculture is in no economic condition to carry the terrible load of taxes it must haul today.

Emergency relief is necessary, but the vital thing is to develop a national agricultural policy that will put the business of farming

on its feet, assure it of a reasonable opportunity to make a fair profit, and so safeguard the food supply of this nation and its basic prosperity.

I feel that we must make progress, and that soon, on these major problems which confront agriculture. The business must be placed on a basis where it will hold the best of its young people, instead of being left in its present miserable condition, driving them to leave for the glitter of the white lights of the great congested cities. More than this, a prosperous and contented agriculture is essential as a basis for progress, if the United States is to keep its position of leadership among the nations of the world.

## REPORT TO ACCOMPANY AGRICULTURAL SURPLUS CONTROL BILL: S.4808

(EXTRACT)

(United States. Senate. Committee on Agriculture and Forestry)

The theory upon which the proposal to advance the revolving fund is predicated is a sound one and has ample precedent. It has long been the policy of the Government to invest funds and take the risk of working out great national problems beyond the power and the ability of its individual citizens. For many years the Government has expended annually millions of dollars through its experiment stations and agricultural colleges in testing out new theories of agricultural production. This large expenditure is justified upon the ground that individual farmers cannot afford to employ the scientific talent and incur the risk of trying out and making tests of new theories which may prove to be of great national benefit. Therefore the Government makes the expenditure and incurs the risk.

### BILLIONS SPENT FOR DEVELOPMENT

As our population increased it was believed that many millions of acres of arid land could be reclaimed and brought to a high state of productivity if only large dams were constructed and water impounded for irrigation. This great experiment was beyond the power of individual citizens. The risk was too great to attract private capital. Therefore the Government in the public interest undertook the experiment, made the investment, assumed the risk, and when it had been demonstrated that projects were feasible they were turned over to private owners and the Government retired from the enterprise.

The building of transcontinental railroads was another pioneer investment and risk taking of the National Government. Private capital

could not be obtained for building these great lines without Government participation. The investment was precarious. The results were uncertain, yet there was a national feeling that the experiment was worth the making. Therefore the Government invested billions of dollars, taking all the chance of an entire loss.

These Government ventures and demonstrations have all been part of a national policy that has expanded agriculture's production without thought to its relation to market requirements at home or abroad. Since the existing agricultural problem is in so large a degree the result of Government activity in the past, it is difficult to escape recognition of some Government responsibility for such experiments and demonstrations as are necessary in working out its solution. In this connection the national policy to increase production and decrease consumption of farm products during the late war has a distinct significance.

#### PIONEERING FOR GENERAL WELFARE

The principle is well established that the Government shall assume the risk of pioneering and experimenting in many fields where the public interest is involved, and to do so in behalf of the public welfare.

In its merchant marine policy the Government readily undertook the burden, made the investment, and assumed the risk of opening up new shipping lines and carrying the burden until such a time as those lines could be brought to a profitable basis and transferred to private capital. Total Federal net costs for the United States Shipping Board have amounted to approximately \$2,800,000,000.

Muscle Shoals is another case in point. The national welfare called for the development of a source of nitrate in the United States. Private capital would not assume the risk. The Government made the investment, undertook the demonstration, and now is considering turning it over to private enterprise.

The Federal land bank system is a case of pioneering by the Government in new fields. The Government subscribed the total capital stock to this business, made the experiment, assumed the risk, and proved the theory. Private capital flowed into the system and it is now owned by the people benefited by it. When the intermediate credit system was established, the Government again pioneered, and contributed \$60,000,000 to prove the soundness of the experiment.

To stabilize the railroad system of the country required the use of more capital and more risk taking than private capitalists would undertake. In that case the Government again demonstrated its ability as a pioneer and a risk taker in behalf of the public welfare and advancing hundreds of millions of dollars to the railroads for

the purpose of stabilizing their business, taking the risk of loss and depreciation all with the view of carrying out a great experiment in stabilization in behalf of the public welfare. Government losses growing out of the Federal control of railroads amounted to approximately \$2,000,000,000.

#### AGRICULTURE'S PROBLEM UNSOLVED

The greatest unsolved problem in America today is the problem of agriculture. At the base of this problem are unstable and uncertain prices. Farmers believe that by certain methods and mechanism prices can be stabilized. If this can be accomplished, the result will be of incalculable benefit to the entire American public. The committee feels that Government assistance is not only necessary if this problem is to be solved, but is justified on the grounds stated.

### REPORT TO ACCOMPANY AGRICULTURAL SURPLUS CONTROL BILL: S.4808

#### (EXTRACT)

(United States. Senate. Committee on Agriculture and Forestry)

To attract and to increase or even hold their membership, coöperative associations must be in a position to secure for the producers they represent an effective bargaining power that influences the prices at which their commodities sell. They cannot secure fair purchasing power for the farmers unless they can manage crop surpluses in the interest of orderly marketing. If they attempt this, the costs, losses, and risks of carry-over and of selling exportable surpluses of certain crops at competitive prices outside the United States must be borne by the members of the coöperatives, while the better prices are shared equally by the outsiders who, on the other hand, escape the inconveniences of deferred settlement and perhaps actual losses. This is destructive to the morale of coöperative enterprises.

If the costs and risks of loss were distributed evenly over an entire agricultural industry, then coöperative agencies could undertake the task of stabilization through surplus control without danger to themselves. This is the objective sought through the mechanism established by this bill.

Through the operation of the equalization fee, which requires every unit of a commodity to bear its share of the cost of its stabilization and protection, the effect of this plan is to provide 100 per cent coöperation of all producers in financing transactions necessary to the control and disposition of crop surpluses. It takes 100 per cent

coöperation to deal effectively with the surplus, and it is impossible to get such complete coöperation otherwise than through Government action. Honest, able, and sincere men with extraordinary ability have attempted it and have failed.

#### SUPPLY AND DEMAND IN AGRICULTURE

It is possible for a manufacturer to adjust the volume of his production closely to the estimated requirements of his market. This the farmer cannot do, since in many crops weather and pests have more weight than acreage in determining total yield.

Winds, droughts, floods, boll weevil, corn borer, wheat rust, and other pests and diseases make the accurate adjustment of the production of agriculture to estimated demand in order to avoid a surplus, on the one hand, and national underproduction, possibly famine, on the other, out of the question. For example:

In 1920 the corn acreage of the United States, approximately 101,000,000 acres, produced at the rate of 31.5 bushels per acre; in 1924 the yield was 22.9 bushels. On the same acreage base for those two years the variation in total yield, due to weather and other factors beyond the farmers' control, was 858,000,000 bushels.

The average United States cotton acreage for the years 1921-1924 was 35,000,000 acres. The 1921 yield was 124.5 pounds per acre; in 1924, 156.8 pounds. The cotton yield variation in those years, due to uncontrollable influences, amounted to 2,250,000 bales on the average acreage.

The 52,000,000 wheat acres which produced on the average 16.5 bushels per acre, a total of 862,627,000 bushels in 1924, yielded only 12.8 bushels per acre, a total of 669,365,000 bushels in 1925. The difference which no degree of foresight or organization on the part of the farmers could have prevented, was nearly 200,000,000 bushels of wheat. In other words, the same acreage that yielded barely enough wheat to supply our domestic requirements in 1925 had produced a gigantic exportable surplus the year before. The foregoing examples show conclusively that control of acreage is not control of production.

### ORGANIZATION AND CONTROL NEEDED

BY HON. CHARLES BRAND

*United States Representative, Ohio, Republican*

*(Congressional Digest, October, 1925)*

The dairymen are getting about the same for milk that they did ten years ago; the dealers are receiving for bottling and selling the

milk nearly three times as much as they did ten years ago. In other words, the dairyman is receiving very much less per cent of the consumer's dollar in the milk business today than he was ten years ago, although the organization of the dairymen is more perfect today than it ever has been, but it is not perfect enough to secure for the dairyman his fair share of the consumer's dollar.

Milk dealers are well organized throughout the United States. When you deal with one of them you are practically dealing with all of them.

The dairymen were organized within fifty miles of Columbus. That organization is not able to demand and secure a price for the milk that is a just per cent of the consumers' dollar because the dealers are able to go outside of the territory covered by the organization and buy their milk. There is almost no limit to the distance the dealers can go for milk. If necessary, they can go from Ohio to Illinois, because the milk is pasteurized and can easily be shipped in refrigerator cars into Ohio, bottled, and turned out as fresh milk.

It is necessary not only for farmers to cooperate within a state but within more than one state; in fact, if the buyers of milk work together throughout the nation, then the producers of milk must do likewise throughout the nation.

The objection to this bill has been that there has been provided a registration for every cooperative-marketing organization and that that organization will be under the supervision of a Government body and that their books and their proceedings and their records and their profits and their losses be open to inspection when they are so registered. It is very apparent that many who oppose do not realize the necessity for this. By this cooperative measure and by having the Capper-Volstead Act we have removed the cooperative organization from the effect of the Sherman anti-trust law, and now we are paving a way for the organization of producers probably with the intention of having all of a product under control, and this provision in the bill of regulation is absolutely an essential provision if we desire to protect the consumers.

While under this law it may be impossible to get absolute control of wheat products, of milk products, or hog production, or corn production, yet in many of the smaller items of production, such as raisins, prunes, apples, onions, tomatoes, cabbage, and sugar beets, it would be possible to secure an absolute control; and if there is no regulation, the organization might be unfair with the public.

When the Capper-Volstead law was enacted the farm organizations were relieved from the effects of the Sherman anti-trust law; but such organizations were placed under the control of the Agricultural Department.

In Ohio the first coöperative marketing law was passed before the Capper-Volstead law was passed by Congress, and in that law we had this very situation confront us; that is, while we wanted the farm organizations to be free from the anti-trust law, so that the farmer could sell collectively, yet we did not want any opportunity offered for the coöperative to take advantage of the consumers, and in the Ohio law we placed these coöperatives under the control and supervision of the public utilities commission of the state.

There are coöperatives who want a law passed that will have no control feature in it. But, to my mind, such a law is unhealthy, and in the end against the producers of farm products in this country, because eventually, under such a law, there would be coöperative marketing associations that would be taking advantage of the consumers, and this would bring about opposition to coöperation and opposition to the laws that have been passed favoring the farmers, and in the end would be detrimental to this effort among producers to secure a fair share, and a fair share only, of the consumer's dollar.

I believe this measure will be beneficial in extending coöperation, and I believe it is absolutely wise and essential to have regulation.

## REPORT TO ACCOMPANY AGRICULTURAL SURPLUS CONTROL BILL: S.4808

### (EXTRACT)

(United States. Senate. Committee on Agriculture and Forestry)

It is significant that during all the hearings on this legislation, covering months of time, over three years, it has been overwhelmingly indorsed by farm and coöperative marketing organizations, as well as by individuals from all parts of the United States. Many states have by legislative memorial urged its enactment; several within the present month.

A partial list of the indorsement of the bill, including the equalization fee, filed during the present session of the Sixty-ninth Congress, includes the following:

American Farm Bureau Federation; American Cotton Growers' Exchange; Corn Belt Federation of Farm Organizations; executive committee of twenty-two of the North Central States Agricultural Conference; Iowa Farm Bureau Federation; each of the eleven districts of the Iowa Farm Bureau Federation; Association of Commerce, Crowley, La.; Association of Commerce, Jennings, La.; Association of Commerce, Lake Charles, La.; Association of Commerce, Abbeville, La.; Association of Commerce, New Iberia, La.; Rotary Club, of Crowley, La.; Rotary Club, of Jennings, La.; Business Men's

Club, of Welsh, La.; Ellis Community Club, Louisiana; Farmers' mass meetings, Abbeville, Gueydan, Bayou Teche, New Iberia, and Mamou, La.; American Rice Growers, of Lake Charles River, La.; Farm Bureau Rice Growers, of Baton Rouge, La.; Rice Farmers' Credit Association of Crowley, La.; American Rice Growers, Beaumont, Texas; American Rice Growers, Houston, Texas; Southwest Louisiana Credit Association, Plice, La.; juries of St. Martin Parish, Calcasieu Parish, and Vermilion, Louisiana; Farmers' Livestock Commission Company, National Stockyards, Illinois; Evansville Producers' Commission Association, Evansville, Ind.; Peoria Producers' Commission Association, Peoria, Ill.; Missouri Farmers' Association, Columbia, Mo.; North Dakota Wheat Growers' Association, Grand Forks, N. D.; Alabama Farm Bureau Cotton Association, Montgomery, Ala.; Alabama Farm Bureau Federation, Montgomery, Ala.; Arkansas Cotton Growers' Coöperative Association, Little Rock, Ark.; Oklahoma Cotton Growers' Association, Oklahoma City, Okla.; Producers' Coöperative Commission Association, Buffalo, N. Y.; board of directors, the Producers' Commission Association, Indianapolis, Ind.; National Livestock Producers' Association, Chicago, Ill.; Farmers' Union of Nebraska, Omaha, Neb.; Tennessee Cotton Growers' Association, Memphis, Tenn.; Indiana Farm Bureau Federation, Indianapolis, Ind.; Central States Soft Wheat Growers' Association, Indianapolis, Ind.; Texas Cotton Growers' Association; Missouri Cotton Growers' Association.

The committee hearings on this bill were confined to three days but when the previous measure similar in purpose was under consideration in the last session there appeared before it favoring this legislation, in addition to the above list, representatives of the Farmers' Educational and Coöperative Union of America; the Equity Coöperative Exchange of St. Paul; the Illinois Agricultural Association; the American Council of Agriculture; the affiliated farm organizations of Colorado; the South Dakota Wheat Growers' Association; and the Governors of Iowa and South Dakota.

## REPORT TO ACCOMPANY AGRICULTURAL SURPLUS CONTROL BILL: S.4808

### (EXTRACT)

(United States Senate Committee on Agriculture and Forestry)

In the committee bill the production of a surplus places on all the producers the responsibility of caring for it. The most effective deterrent to overproduction that has been devised is the equalization fee. This deterrent is totally lacking in other bills considered by the



committee, where the production and the responsibility of caring for crop surpluses are divided. The growers produce the surplus; but in other bills it is proposed to put the Treasury back of losses involved in caring for it.

It must be recognized at the outset that, with the exception above noted, which is favorable to the committee bill in this respect, the argument that overproduction would result from the enactment of legislation might be applied generally against any of the proposed bills, and not to the committee bill in particular. In fact, it may be raised with equal justice against any increase in price to farmers, no matter what causes it, notwithstanding that the present crisis is due to low prices.

*Low price sometimes increases production.*—The committee believes there is undue alarm on this point of overproduction. The influence of price on production by no means works all in one direction. In the case of the indebted farmer whose land and equipment are adapted to produce one cash crop more advantageously than another, a low price for that crop may force him to strive to increase his production, so that his total return from this crop will not decline as greatly as the price has done. He is forced to this course to meet his interest and taxes and to hold his farm. Probably his banker, moved also by the motive of self-preservation, encourages him in the course.

On the other hand, a fair and stable price gives the individual farmer a chance to diversify and to relieve his family of toil in production which a low price compels them to.

*Both acreage and production declining.*—Taking the long view of the matter, the committee finds that both our acreage and production are declining in proportion to the total population. This drift is clearly pointed out by the National Industrial Conference Board, when it says:

Since the beginning of the century our mining production increased about 231 per cent; our manufacturing production about 190 per cent; whereas agricultural production only increased 38 per cent. The number of acres in farms per capita increased up to 1860, but then started to decline since it was then limited by the limits of our territory. The per capita of improved farm land increased up to 1880, but since then has shown a downward trend. The acreage in harvested crops per capita increased up to 1900. Since then it has shown a downward trend. In the period 1920–1925 this decrease was very sharp, between 9 per cent and 10 per cent. Instead of this process resulting in an increase in yield per acre to make up for the declining per capita acreage in crops, there has been a slackening in the upward tendency in the yield per acre, which was in evidence before the

beginning of the century. Neither has there been any increase in the total per capita agricultural production. In fact the period 1920-1925 shows about 5 per cent below the pre-war years 1910-1914.

#### THAT IT WOULD INCREASE THE COST OF LIVING

The most important foods and raw materials are now being sold from the farm at less than it cost to produce them. As has been pointed out, the real value which the farmers get for their produce is now 20 per cent less than it was before the war. No one can honestly oppose an act of justice to the farmer which remedies this situation for the sake of the infinitesimal cost it may mean to him.

As a matter of fact, those who urge such an argument against the proposed legislation are moved less by concern over its likelihood than by desire to arouse apprehension in others less well informed. No such argument comes from organized labor, whose spokesmen have indorsed this legislation. For their part they are more fearful of the consequences to labor if the farm situation is not speedily adjusted.

*Bread steady when wheat drops.*—Since the war the price of wheat has fluctuated from a low point of about \$1 to a high point of about \$2 per bushel. During the same period the retail price of bread in leading cities of the United States has varied less than 5 per cent, according to figures of the Department of Agriculture.

*Distributing costs growing larger.*—The cost of wheat is a very small part of the cost of the loaf. The cost of raw cotton is a very small part of the cost of the cloth. So it is with the other staple crops. The real cost to the consumer lies elsewhere than in the price the farmer gets. The margin between the farmer and the consumer has approximately doubled in the case of most of the farm staple crops since the period immediately before the war.

Much of this increase is due to increased wages of labor; more of it can probably be laid to less justifiable causes. Those who oppose this legislation on the ground that it may increase the cost of living apparently prefer taking the farmer's crops from him at less than a living price, to the more fruitful course provided in this bill.

#### THAT IT WOULD INJURE COÖPERATIVES

The coöperative associations representing producers of wheat, cotton, rice, corn, and swine are asking Congress to pass the committee bill—a sufficient answer to the objection that the measure would affect their interests adversely. The bill would remove the present handicap to successful operation which coöperative associations are unable to overcome—the surplus. It is the only measure proposed that makes

all who contribute to the production of a surplus, not alone those in the coöperative associations, responsible for caring for the surplus in the interests of orderly marketing and a fair domestic market.

Under the present committee bill the term "coöperative association" means only associations of producers qualified under the Capper-Volstead Act. One of the limitations which the Capper-Volstead Act places on coöperative associations requires that at least 50 per cent of the volume of a commodity handled by a coöperative association must come from its members. It might appear to those who read the bill only superficially, that because of this limitation, coöperative associations would be unable to contract with the board to go into the market for the purpose of buying up a large surplus and disposing of it in order to preserve a fair and stable market condition. But attention is directed to subdivision (d) of section 6, which reads:

(d) During such operations the board shall assist in removing or withholding or disposing of the surplus of the basic agricultural commodity by entering into agreements with coöperative associations engaged in handling the basic agricultural commodity, *or with a corporation or association created by one or more such coöperative associations* (italics added), or with persons engaged in processing the basic agricultural commodity.

This provision expressly authorizes agreements with a corporation created by one or more coöperative associations handling the commodity. Such a corporation would be controlled by coöperative associations doing 50 per cent or more of their business with members, but the corporation itself would be subject to no such restriction. It might and could enter the market and buy and sell regardless of the membership restriction. Such a corporation could do all things necessary to stabilize its market, backed by agreements with the board, thus enabling the coöperative associations that create and control it to handle the surplus for an entire crop if necessary, a service which they could not possibly render without the aid of the stabilization fund and the equalization fee.

#### THAT IT WOULD FORCE FARMERS INTO COÖPERATIVES

Every producer would be as free to sell when, where, and how he pleases, as he is now. In the measure as now reported there is no compulsion on the producer to join anything. He contributes his ratable share of the cost of handling the surplus, through the equalization fee to be collected either from the railroad when it transports the commodity, or from the miller when he processes it, or the purchaser when he buys it, as the board may determine.

In fact, commodities would move in commerce just as now. No efficient agency would be interfered with. The difference is that certain of the agencies would operate under contracts with the board by means of which they would be able to adjust distribution of supply in the interest of a stable and fair market.

#### THAT IT WOULD UPSET EXISTING TRADE CHANNELS

Under the committee bill, existing agencies are employed to do all of the buying, storing, or selling that the board deems necessary in controlling and handling the surplus. Instead of upsetting existing trade channels, the committee bill uses them exclusively.

It is true that under contracts with the board corporations created and controlled by coöperative associations would probably handle, store, and sell, both in domestic and export markets, a larger volume of the surplus commodity than at present. To that extent they would probably render unnecessary some non-coöperative private grain exporters and buyers of farm commodities for speculative profits.

The committee understands that this result would likewise follow from any equivalent growth in the functions of coöperative associations. Congress must abandon its policy of promoting coöperative marketing if it is to preserve from interference every speculative dealer or exporter trading in farm commodities.

#### THAT IT SUBSIDIZES AGRICULTURE

The committee bill contains no Government subsidy to agriculture, since by its provisions each commodity stands on its own base, paying for its own stabilization, instead of relying on the Treasury to absorb losses, as provided in other bills studied. The revolving fund is merely an advance of working capital, ultimately repayable to the Treasury, under the provisions of the committee bill, and is not a subsidy but a Treasury loan for which there is abundant precedent.

#### THAT IT IS PRICE-FIXING BY GOVERNMENT

There are no price-fixing provisions in the committee bill. The bill simply makes it possible for producers of cotton, wheat, corn, rice, and swine to bargain for fair prices. The legislation is intended to influence prices, but this is no more "price-fixing" than literally hundreds of acts of Congress which were likewise aimed to influence prices, such as the tariff acts, the Federal reserve act, the anti-trust laws, the Adamson law, and the transportation act of 1920.

## THAT IT GUARANTEES PROFITS TO PACKERS AND MILLERS

The bill gives the board power to enter into agreements covering the purchase and disposal of the surplus of a commodity, with persons processing such commodity. In case coöperative associations capable of carrying out such agreements are not in existence, the board may enter into such agreements with other agencies.

The committee feels that power to contract with processors may be necessary in order to insure, for example, that as much of the exports of wheat as possible may be sent abroad in the form of flour, thus encouraging the employment of mill capacity and mill labor in the United States, and retaining the feed by-products within this country. Again, in order to maintain a stable hog market in this country, it may be necessary to enter into contracts with packers covering such export operations as result in the sale of lard abroad.

Nothing in the bill gives any justification for the charge that the bill, because of this provision, insures that the business of a packer or a miller shall be conducted at a profit. On the contrary, the measure specifically provides (subdivision "e" of section 6) that the profits resulting from any such agreements between the board and the association, corporation, or person handling the surplus, shall accrue to the stabilization fund for that commodity. The board is given the authority to enter into such contracts as are necessary to secure the handling of the surplus in the interests of the producers. There is no reason to assume that it would not negotiate terms as favorable to the producers as possible. Any insinuation or charge to the contrary, such as was made when the former committee bill was under consideration, is not based upon the provisions of the measure itself, but is aimed at confusing, rather than enlightening, the Members of Congress in their efforts to understand and pass upon this legislation.

## REGISTRATION OF CO-OPERATIVE MARKETING ASSOCIATIONS

BY HON. GILBERT N. HAUGEN

*United States Representative, Iowa, Republican*

*(Congressional Digest, October, 1925)*

The Committee on Agriculture, to whom was referred the bill to create a Federal coöperative marketing board, to provide for the registration of coöperative marketing, clearing house, and terminal market organizations, and for other purposes, having considered the same, report thereon with a recommendation that it do pass.

The bill reported herewith carries out the recommendations of the President's agricultural conference in respect of coöperative marketing legislation.

Hearings on the report of the President's agricultural conference have been held daily for the past two weeks, Governor Carey, Secretary Jardine, Mr. Bradfute, and Mr. Taber, members of the conference, appeared before the committee on the bill as originally introduced and gave their approval to the bill. Members of various farmers' coöperative and marketing organizations appeared and also approved the bill with slight amendments, which have been accepted.

The bill proposes to set up a purely voluntary plan of registration for coöperative marketing associations which qualify under the Capper-Volstead Act. There is nothing in the bill to compel any coöperative association to register and there is nothing which will deprive any association which does not register of any of its rights, privileges, or immunities which it now has under existing law. Moreover, all associations, whether they register or not, will be able, because of amendments made to the Capper-Volstead Act by the bill, to operate without the present-day restrictions as to dissemination of crop and marketing information and as to production, pooling, and storing agricultural products.

If the coöperative association chooses to register, it in effect enters into an agreement with the Federal coöperative marketing board, which is created by the bill, to submit semiannual reports of its financial condition and to have the board settle its disputes in respect of grades and condition of agricultural products and the trade practices in respect of such products. It becomes entitled to use certain titles on stationery and labels, and in its advertising, and it may organize terminal and clearing-house associations of a purely Capper-Volstead character, which will have the same anti-trust exemptions as the association itself has.

### "DRASTIC FARM RELIEF"

(Editorial in *The Nation*)

The McNary-Haugen farm relief bill is a genuine attempt to assist American agriculture. Whatever else may be said against it, it cannot fairly be described, like most of the other farm bills now or recently before Congress, as a mere political gesture intended to conciliate and hoodwink the agricultural vote. The measure has undergone important changes since it first arrived in Washington, half a dozen years ago, but the purpose remains the same, although finally set forth in one of the blindest bills ever devised in that mole-hill of legislation known as the United States Capitol.

Provision is made for a Federal farm board consisting of the Secretary of Agriculture and twelve other members, the latter to be appointed by the President from the various Federal land-bank districts from nominations made chiefly by farmer organizations. The important powers of the board are in connection with five products—wheat, corn, hogs, rice, and cotton—designated as “basic agricultural commodities.” In the traffic in these products the board is empowered to overrule the usual laws of supply and demand. The McNary-Haugen bill doesn’t describe it that way; the text calls it “orderly marketing.” But that is only one of the many phrases in the bill which conceal as much as they tell.

The heart of the bill is the “equalization fee.” When the Federal Farm Board decides that there is so much of a surplus of any one of the five “basic agricultural commodities” as to make it probable that growers will not get a fair return, it may declare an emergency to exist and place an “equalization fee” upon each bushel, pound, or bale of the product that is sold. The “equalization fee” is collected directly from the railroad, miller, or wholesale buyer, but indirectly, of course, it is inevitable that it be passed on to the consumer. The board itself does not buy or sell any product. It works with coöperative farmers’ marketing associations, and previous to putting into effect an “equalization fee” it must assure itself that a competent selling organization is in existence. The farmers’ organization takes charge of the selling, the Federal Farm Board assisting it financially by loans from a \$250,000,000 revolving fund authorized by the bill. Assisted by such loans—which are supposed to be covered by the “equalization fees” when they come in—the marketing association is in a position to obtain what it considers reasonable prices by holding the crop, or any part of it, off the market for such time as seems desirable, and by dumping any surplus abroad for what it will bring in order not to lower prices in the domestic market.

The bill does not compel a farmer to sell through a coöperative, but it offers him a decided incentive to do so, and no matter how the sale is made the “equalization fee” has to be paid. This removes a present difficulty from the operations of farmers’ selling organizations. At present the members must bear the expense of operations intended to improve prices, but outsiders share equally in the benefits.

The supporters of the McNary-Haugen bill insist that it does not provide for price-fixing and avoid the use of the word subsidy in describing its contemplated results. Technically and legally they are probably correct. But the primary purpose of the McNary-Haugen measure is to raise prices, and its benefits to the farmer depends upon that result. Nor is there any reality in dodging the

word subsidy. In so far as such a measure raises prices, it represents a subsidy from the consumer to the producer. From the standpoint of theoretical economics the measure is a bad one. But from the point of view of a farmer faced with a political situation there is a great deal to justify it. For many years farmers have not been getting a reasonable share of the national wealth; agriculture has been on the decline. The farmers are certainly as much entitled to assistance from the community at large through artificial prices as the manufacturers ever were, and far more so than the latter are today. The manufacturers still enjoy an enormous subsidy from the consumers through the operations of the protective tariff; and a Republican administration which justifies a tariff is in no position to protest against the assistance to the farmers contemplated by the McNary-Haugen bill.

*The Nation* is opposed to the artificial regulation of commerce and opposed to class legislation. It is fundamentally opposed to the principles behind the McNary-Haugen measure; but if the protective tariff is to stay on the statute books the farmer has an equal right to his subsidy. Whatever may be said of the ultimate merits of this bill, the fact remains that there is no other proposal before the people which gives the farmer any hope of a lift. This plan may be worth trying.

## WHAT COOLIDGE MISSED

(Editorial from the *Oklahoma Oklahoman*)

The 1926 profits of the aluminum trust are reported to have totaled \$22,000,000. Secretary Mellon is a master spirit among the aluminum beneficiaries. The knowledge is almost universal that protective tariff schedules largely are responsible for the handsome profits made by the Mellons and other aluminum kings. But the record fails to disclose a single protest against Government aid voiced by Secretary Mellon, in so far as the protection of aluminum is concerned. With aid that reaches the coffers of industry the secretary is well content. Protection for the aluminum trust is merely a part of "the American system." It is only when the Government begins to aid agriculture as it has aided the manufacturing interests that Secretary Mellon begins to detect danger signals in our official skies.

## EXTRACTS

Arthur Capper, "American Farmers' Revolt. *Current History*, May, 1926: In the last five years more than one million people have moved from farms to cities; at a time when population increased 7,000,000, farming capital, \$59,000,000,000. Three per cent



return on investment last year. Value of this business five years ago was \$79,000,000,000. Depreciations of \$20,000,000,000, or \$4,000,000,000 a year.

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Mr. G. W. Koiner, Agricultural Commisisoner of Virginia, has recently shown that in his state the farmers are losing an average of at least \$10 on every acre of wheat they grow.

\* \* \* \* \*

Lowden principles put forth at joint cotton belt and corn belt meeting in St. Louis: A Federal farm board to study continuously agricultural conditions and to ascertain whether there is a surplus in any major crop, and whether that surplus exercises a depressing effect upon prices. This board would next inquire if the growers of the crop are organized in coöperatives sufficiently strong to handle the surplus. Such coöperatives would then be authorized to withdraw from the market a portion of the crop sufficient to stabilize the price. The cost of doing this would be met by a fee levied on every portion of the crop entering the market. Neither price-fixing nor Government subsidy is involved in the plan. The essential feature is Government assistance in collecting the fee for handling the surplus.

## NEGATIVE SELECTIONS

### WHAT NEXT FOR THE FARMER?

(Taken from *New Republic*, March 2, 1927)

Even the staunchest advocates of the McNary-Haugen bill must admit that it is by no means a complete agricultural policy. If the bill or something like it should eventually become a law, if it should be administered with sufficient wisdom and discretion, if the equalization fees should be fully collected without strenuous objection on the part of large groups of farmers, still the measure would fail unless supplemented by other reforms.

For one thing, it would fail unless it becomes possible to limit production of a given crop on a rising market. The measure proposes to maintain American prices by the purchase of any surplus tending to drive those prices below a given level. The surplus may be held for a future shortage, or marketed abroad at a lower price. But if the effect were to increase production, because of the guaranteed price—which would presumably offer a sure profit even to the farmers whose costs were highest—the loss in buying, holding and selling surpluses would become larger and larger, until it equaled any benefit obtained by the farmers from the higher price. Since this loss is to be assessed against the farmers by the equalization fee, they would have been chasing the devil around the stump.

#### WOULD INCREASE COTTON ACREAGE

A shrewd student of the cotton situation recently remarked that it would be a calamity if the McNary-Haugen bill should be signed by the President just before the planting season. The Department of Agriculture has just advised that cotton acreage should be reduced 30 per cent. Without the bill, cotton growers will be lucky if half that reduction is achieved. But if it becomes known in the South that legislation has been passed to sustain cotton prices, the incentive for reduction will be removed. One trouble is now that individuals are not sufficiently bound by the compulsion which rests collectively upon them all, to limit production. A meeting may vote to reduce acreage by a certain percentage. Those not at the meeting, and some of those who supported the reduction, will proceed to increase acreage on the theory that if others reduce, the price will rise and they may profit thereby. The incentive is the same as that which prompts wage-earners to scab during a strike. Nevertheless, under present conditions enough farmers may strike, and enough may become bankrupt, so that production is really reduced. If, however, the

price is guaranteed regardless of the amount of the product, the individual incentive to reduce acreage well-nigh disappears. If farmers cannot efficiently cooperate to limit output when each suffers a prompt and automatic penalty for not doing so, how can they be expected to limit output when the penalty is far off and indirect? An enormous strengthening of cooperative control is essential for the working of any McNary-Haugen scheme. With such control, the cooperatives would doubtless be strong enough to handle any unforeseen surplus themselves.

#### DIVERSIFICATION NECESSARY

Reduction of acreage for a given crop is not, moreover, the only agricultural requirement. It is difficult to reduce, at least with any degree of permanence, unless the released land is used for some other purpose. Diversification of crops has been preached assiduously in all agricultural regions which practice the one-crop system and suffer from chronic surpluses. Diversification not merely reduces the acreage devoted to the principal crop of the region; it also spreads the farmer's risk so that a failure of a given crop from any cause is not so disastrous. But how to diversify successfully is a difficult problem. You meet first the obstacle that many farmers in a one-crop region are not skilled in other types of agriculture than that which they have been practicing. People change their habits slowly, and farmers even more slowly than most people. Agriculture is so difficult an art that a man might spend his lifetime learning a really first-class technique of raising any one product. About the only way to master a new system of agriculture successfully in a short time is to copy someone else who already knows how. Demonstrations, then, are necessary, coupled with quantities of advice and guidance. Diversification, too, fits ill with large acreage and extensive farming. Smaller farms and intensive care are often necessary. But with the large farms and the extensive methods in existence, how are they to be changed?

And given the diversified crops, how are they to be marketed? The markets of the region are organized to take care of what the region has raised. Credit habits are such that loans are difficult to obtain except on well known staples. Isolated individuals, experimenting in new lines, do not raise enough of any one product to blast their way through marketing and credit obstacles. Community effort and cooperative action are essential. The McNary-Haugen bill may retard the effort to diversify, and does nothing to increase its chances of success.

## COÖPERATION NOT CURE-ALL

Approach the agricultural problem from the angle of coöperative marketing. Coöperation has been preached as a cure-all; there is no doubt that it is an essential of a healthy agricultural system. But it has not been uniformly successful. The motive relied upon for loyalty to a coöperative organization is too often the simple desire for profit. The organization, in the case of staples, must cover a wide region; as a consequence, it is managed by executives remote from the individual farmer. He frequently finds that, at least for a limited period, he can make more by selling his crops through some private agency. Though his consistent loyalty is necessary to the coöperative for its eventual success, he is weaned away from it by the very motive of profit on which it principally relies to retain his support. Students of coöperation have concluded that it needs more personal and idealistic motives. The coöperators must have smaller units, in which they can take a real part and feel a real responsibility. They must be part of a coöperative community, in which disloyalty will be socially taboo. Unions of labor rarely succeed without such an atmosphere.

Or take the farm labor problem. The farmer often cannot hire enough labor when he needs it, in competition with urban industry. The farmer is most successful whose acreage is small enough, and whose family is large enough, so that he need hire little. But the children do not stay on the farm. There are few community ties to hold them, when the city beckons, with its larger rewards and richer social life. This is a problem, not of pure economics, but of rural life as a whole. A farming region is not necessarily a complete community, to which its inhabitants become attached by ties difficult to dissolve. The building of such communities is an essential task for the farmer.

Rising land values, increasing tenancy, and mortgage debt, tend to disrupt rural life. Many a farmer in the past has come to regard himself really as a land speculator. Following the example of the business man, he would look for the reward of his toil chiefly in the increasing value of his property, and in years when he made a profit he would enlarge his acreage. When prices were high enough he would sell; or if he came to a time when he could not cultivate all his holdings, he would rent. Such capitalistic enterprise is out of place on the land. If the farmer belonged to a compact community of small, intensively cultivated farms, and intended to stay on the farm and have his children do so, he would not be under so much temptation of this kind. When he made a profit, he could at least invest it in industrial or other securities for a rainy day, instead of speculating in the basis of his own sustenance, and so

running the risk of heavy loss, or driving future farmers close to the level of subsistence through the high cost of land. When the farmers not only develop a sentiment which aims at preserving and increasing the intrinsic value of the land they have by proper fertilization and improvement, but also at keeping its price low enough so that their children can be successful farmers after them, agriculture in this country will be safer.

#### THERE IS NO PANACEA

For control of crop acreage, for scientific cultivation, for efficient marketing, for a wholesome and attractive rural life, for improvement rather than exploitation of the land, the growth of well planned and rounded agricultural communities is necessary. If the agricultural problem is related in its every aspect to the local community, much may be gained. The problem is difficult and complex; it took a long time in forming and it will take a long time to solve. No single specific will do the job. But in many regions of the United States, we believe, rural life needs rebuilding from the bottom up. When we have the organic cells of a healthy rural life—the well organized local communities—the rest will be easier. One thing the farmers and agricultural experts may do, which will not bring results this year or next, but may help greatly in the long future, is to support the organization and extension of community settlements on the land. Such settlements can serve as units of experiment and demonstration. They may bring into the picture, on a small scale, all the diverse forces necessary for successful and happy rural life. When we have learned what those forces are, and how they can best be confined, we shall be ready for broader measures.

### EFFECTS OF THE WAR UPON AGRICULTURE

BY GEORGE E. ROBERTS

*Vice-President, National City Bank of New York*

*(National City Bank Bulletin)*

The war had a very stimulating effect upon agriculture outside of Europe, particularly upon wheat production. Before the war, a considerable portion, approximately 200,000,000 bushels, annually, of the wheat imports of western Europe came from the Balkan countries and Russia. The closing of the straits between the Mediterranean and Black seas cut off these supplies, prices rose, and under

this incentive all wheat-producing countries outside of Europe increased their sowings. For the five years ended with 1913 the average number of acres of wheat harvested in the United States was about 47,000,000, and in 1919 the area was 73,243,000 acres, since when it has been reduced to about 58,000,000. In 1923 the wheat crop of the world outside of Russia was approximately 300,000,000 bushels larger than for the same countries in 1913, and Argentina and Australia are just now harvesting large crops.

Canada has become the most important factor in world wheat markets. For the five years before the war her annual production averaged under 200,000,000 bushels; in 1923 it was approximately 470,000,000 bushels. Thus Canada alone has increased her production by more than enough to equal the exports of Russia and the Balkan countries before the war, and now the rest of Europe is approaching pre-war production and Russia is exporting again. Only a few days ago the president of the Associated Chambers of Commerce of Great Britain stated in a public address that 150 ships were now engaged in carrying grain from Russia to British ports.

#### OVERPRODUCTION DUE TO WAR

The production of wheat outside of Europe was stimulated by high prices to meet an emergency; the emergency has now passed, Europe no longer needs so much wheat from outside, and the declining price serves notice of that fact; wheat producers should take notice and govern themselves accordingly. There is no remedy for the situation except by reducing the production of wheat. Any form of government aid, such as price-fixing above the market, which has the effect of inducing farmers to continue wheat-growing on the present scale would be a mistake, because wheat-growing on this scale is not needed.

Canada not only dominates world markets this year, but is likely to do so for many years to come. Canada had a great expansion of railroad mileage just before the war, built through prairie lands suitable for growing wheat. These are virgin lands, low in price and will turn off large yields. The cost of producing wheat depends mainly upon the yield per acre, for up to the harvest the cost per acre of a light yield is practically the same as for a good yield. In North Dakota in 1923 the yield was less than ten bushels per acre, while for all of Canada the yield was above twenty bushels per acre. It is impossible to maintain competition upon that basis. It is a mistake to try to compete on that basis. These figures show that there is something wrong with wheat-growing in North Dakota besides the ruling price.

As a matter of fact, they had unfavorable weather conditions in North Dakota in 1923 and not only a lower yield but a poorer

quality than usual, but that is not the worst of the situation. The soil of North Dakota originally produced as good quality and as large yield as the soil of Canada is capable of producing, but the sin of one-crop farming has reduced the fertility of North Dakota lands. The natural results of unsound farming methods are being felt, and any public policy that would sustain or encourage the continuance of such methods would be a mistaken policy. Wheat should be grown in rotation with other crops, and with a soil treatment that will maintain fertility.

#### PRICE INEQUALITY

The main grievance of the farmer is that in the readjustment which has occurred since the war the prices of what he has to sell have fallen much farther than the things he has to buy. This is a real grievance, generally recognized among business men, but what can be done about it?

In part, this situation is due to the fact that prices of farm products are more dependent upon foreign markets than other commodities, but it is a well-known fact that in a period of declining prices those commodities in the cost of which wages are a large factor give way more slowly than raw materials or farm products in which relatively, wages are a smaller factor. Labor, particularly highly organized labor, is able to resist wage reductions. The cost of transportation is mainly a labor cost, either in wages to the railroad employees or in wages for mining coal and producing other supplies. The total distribution of earnings to the stockholders of railroads is a very small percentage of railway receipts from the public. The cost of manufactured goods generally is chiefly in wages, fuel, and transportation charges. The increased cost of industrial products is not in any general sense in the profits of the industries or the profits of middlemen, but in the wages of labor, and these higher wages are justified in part by higher living costs due in turn to conditions arising from the war.

The prosperity which now exists in the industrial districts, and in which the farmers feel they do not share, is due in the main to construction work. The country had fallen behind in construction, which forces extraordinary activity now. On the other hand, agriculture expanded during the war and is under the necessity of readjusting production to smaller demands. Moreover, living expenses for the workers in the cities are high. Rents are much higher than before the war, due to a shortage of dwellings and a shortage of mechanics in the building trades. Industrial relations all around were disrupted and disarranged by the war. It is a slow process to make the readjustments.

These social problems are complex and difficult, and they belong to all of us. Does any one know how to get the price of transportation back to the pre-war level without reducing wages, or how to get the price of coal back to the pre-war level without reducing wages? I am not going to deal with the labor and wage question here; I only say that the wage disputes in such essential industries as coal-mining and transportation present a grave social problem, over which we cannot afford to be impatient.

#### THE FALLACY OF PRICE-FIXING

Every period of low prices creates a demand that prices should be regulated so as to afford a fair return to producers. As a matter of fact, however, it is production instead of prices that is the proper subject of regulation, and prices are the only effective agency by which this is accomplished. To propose the regulation of prices is to take hold of the situation at the wrong end. The population distributes itself in the industries according to the demand for products or services as shown by current prices. If the production of anything tends to be in excess of the demand, the price weakens and productive effort will shift to other lines; and so on the other hand if there is a tendency to scarcity, prices will stiffen and productive effort in that line will be increased. Consumption also is shifted by prices. There are few things for which there are no substitutes, or for which consumption is not affected in some degree by price. Prices are an automatic signal to producers, they reflect the wants of consumers, they are to be interpreted and obeyed as promptly as possible, instead of regulated.

Supply and demand are an equation kept in balance by prices. Price affects supply on the one side and demand on the other side, the right price being that at which supply and demand meet, so that the market is cleared and the demands most effectually satisfied.

The entire price system is inter-related: an individual's purchases of different things are affected by their relative prices, and his aggregate purchases are affected by the prices of what he, himself, has to sell. It is a highly complex system, in which changes in the volume of production and in the methods of production are forcing price-changes all of the time. It is too complicated a system to be managed arbitrarily; it must work freely and automatically in order to make the adjustments that are constantly necessary to maintain the equilibrium. Did you ever see a man trying to walk a tight rope with a balancing pole? How far do you think he would get if his arms were strapped tightly to his body?

Prices usually are performing an economic and useful function at the very times when they are most complained of. The real disorder



is in the relation between supply and demand, and the prices if let alone will correct that disorder. If there is a short crop of something, rising prices have the effect of compensating the producer in some degree for his loss in quantity, and at the same time exert an influence among consumers for economy in consumption and in the use of substitutes, thus making the supply go farther. We have an illustration of that situation this year in the short crop of cotton. As a result of the depredations of the boll weevil, the country has had three very short crops of cotton, stocks have been reduced and there is not enough cotton available this year for the usual production of cotton cloth. As a result, the prices of cotton and of cotton goods have advanced, and this is right, because it compels a necessary curtailment of consumption and at the same time affords necessary encouragement to the cotton grower to maintain and if possible increase production in the face of unfavorable conditions. This is a case of deficiency of supply. On the other hand, wheat affords an illustration of how an excess supply exerts an influence for increased consumption and lower production, likewise tending to restore the normal balance.

#### THE FALLACY OF ARBITRARY CONTROL

It is a common opinion that if producers are organized and strong enough to withhold supplies from the market they will be able to name at least what they regard as "fair" prices, but when the test comes success depends upon the right adjustment of price, so that demand and supply will be equalized. The Dairymen's League of New York, of which some 75,000 farmers are members, dominates the milk situation there, and upon it falls the responsibility of adjusting the prices paid to producers and the prices charged distributors so that demand and supply will meet and satisfy each other. It is a well-managed organization, but it frankly says that the price of milk cannot be fixed arbitrarily. The price paid the farmer must bear a relation to what he can get for other farm products; otherwise, the League will soon get either too much milk or not enough; and the price to consumers must bear some relation to the prices of other foods, in order that the supply may be disposed of. Here are adjustments to be made on both sides, and they are largely by experiment. There is no work here for a price-fixing authority outside of the business, and not very much scope even for one that is inside of the business. The conditions fix the price.

The fruit-growers of California, who have attained a good degree of success with their marketing organization, find that raising the price to producers stimulates production, thus making it necessary to find larger markets in order to avoid overproduction. They have

accomplished this in some degree by advertising, but they have learned the truth, that prices affect both production and distribution and must be governed with these conditions in view. Mere ability to fix prices free from competition will not solve all the problems with which these organizations have to deal.

The oil industry has been subject to violent price fluctuations, because the supply is uncertain, being affected by the discovery of new pools. These price fluctuations occasion much critical comment by people who do not take account of the fluctuations in supply and think the price changes are arbitrarily made. The prices must change in order to keep supply and demand in proper relations. They must be neither too high nor too low to secure the volume of production required to satisfy the public demand, which on its side also is affected by the price.

The controversy over the prices for coal in the last few years has been due to the mistaken belief that the prices of coal are fixed arbitrarily and that prices should be fixed and uniform regardless of the relations between supply and demand. The prices of coal have been violently affected by arbitrary suspension of production and the enforced disturbance of normal relations between supply and demand. The competition of consumers has forced prices upward in times of scarcity, while in the last two months coal has been selling in many markets below cost of production. With free play for economic forces in the coal industry, production and prices soon would be stabilized at a level which would afford the best economic results.

## LETTER FROM SENATOR BROOKHART

(*Public Affairs*, April, 1927)

Senator Brookhart realized the futility of the McNary-Haugen bill, on which he commented as follows in the *New York American*:

"I do not think the McNary-Haugen bill will settle the problem, even if signed by the President and approved by the courts. Its greatest victory is the new political alignment it has wrought. It is the first time a major economic proposition has been carried by a combination of the South and West. It proves that the two sections are united in economic interest. It suggests that they organize the next Congress, unite upon a common program, and win the next presidential election.

"There is prosperity in so many lines of big business in the cities that it is almost impossible to realize that there is a serious agricultural problem for little business in the agricultural territory. Labor has realized this situation better than most business men and, through its organizations, has come to the aid of the farmers in a

wholehearted and sympathetic manner, while business men have remained indifferent, or hostile even, to their own and the country's detriment."

## EXTRACT FROM LETTER OF B. F. YOAKUM

*(Public Affairs, April, 1927)*

"Supporters of the McNary-Haugen bill could not have fully considered the effect of their bill from a practical operating standpoint. If so, they certainly would have realized its many defects.

"Among the basic commodities named are cattle, hogs, and wheat.

"To illustrate with one commodity—hogs: The advocates of the bill evidently had in mind that the 50,000,000 hogs sold a year would be shipped to the big markets in car and trainload lots; and that the tax assessed against them would be in volume. But such is not the case. The tax assessment by the Federal Government under the McNary-Haugen bill is a tax against the individual farmer.

"There are 6,500,000 farmers, 45 per cent of whom are tenants. A majority of that poor class of farmers move every year or two; but all raise a few hogs for ready cash to meet the needs of their families. Under the provisions of the McNary-Haugen bill, this of itself would create a situation that would require an army of government sleuths to spy on the farmer, to find out the name of the purchaser of his pigs and the price. It is the poor farmer who must pay the tax by having it deducted from the price paid by the purchasers.

"The supporters of the McNary-Haugen bill must have considered farm conditions of forty years ago, when it was the custom to transport almost all foodstuffs between the farms and the largely populated centers by trains and boats. But manner and methods of transport have so changed that it is estimated that within a radius of 100 miles of largely populated centers like New York City more than 60 per cent of the farm products of that area is transported to market by motor trucks.

"One of the agencies for collecting this Federal tax, as designated under the bill, is the transporter. At present the system of gathering food products by thousands of butcher shops throughout the country is by motor trucks or from the farmers who sell their fat hogs to their nearby butchers. I know of and sometimes sell a few hogs to one of these numerous slaughter and small butchering houses, who distribute meat and other family table supplies to consumers. The proprietor of this shop once told me that it is not unusual for him to purchase twenty-five or thirty hogs a day for his local trade. All similar places in country villages would come under the regulation

of Federal inspectors to check up against the local butchers under a sworn statement.

"It is not hard to visualize an enormous army of detectives and secret service men who would bootleg between butchers, farmers, and the Government. Basic farm commodities from every class and kind of dealers would come under the restrictions of the McNary-Haugen bill, and require dealers to keep a record of every hog or other basic commodity purchased, from whom purchased, and swear to it or be subject to be sued in a United States Court.

"A published statement from Secretary Mellon places the cost of operation at \$790,000 a year. This estimate is far too conservative.

"The Interstate Commerce Commission, after a systemization of its duties for more than thirty-five years, is costing about \$5,000,000 a year. Interstate Commerce Commissions' work is confined largely to studying traffic and transportation generally, requiring a large statistical and clerical force.

"If this law enacted by Congress, now awaiting your approval or disapproval, should become operative, its clerical force will be greater than that of any department now in Washington. Its work will be enormous and of a character that will have to be checked and kept up with every day, with every farmer selling a hog to a dealer, local butcher, or a neighbor—it applies to all hogs alike.

"I am not, Mr. President, undertaking to advise you on this all-important problem, so vital to the nation. I am only calling your attention to the impracticability of one phase of this unsound and uneconomic bill which, if placed upon our statutes, will not only increase the hardships of the farmers, but would place additional burdens upon the consumers. It is a bill that, in my humble opinion, should be cast out as unworthy."

## MELLON SAYS FARM RELIEF IS EXPENSIVE

(Associated Press Dispatch, February 14, 1927)

As the House drew nearer Monday to a vote on the McNary-Haugen farm bill, Secretary Mellon outlined, in a letter made public at the Capitol, the difficulties he believes would be encountered in enforcing such a measure.

The Treasury Secretary estimated that its administration alone would cost about \$800,000 a year, not including the cost of filing returns and collecting the equalization fee, and said that a large force of accountants, technical and legal experts, and investigating agents would be needed.

"The collection of the equalization fee," he said, "will be difficult."

In his letter to Representative Chindbloom (Republican) of Illinois, Secretary Mellon said that "the collection of the equalization fee

from any one of the three mediums provided has so many disadvantages that it is not possible to say which would be the least difficult."

#### FEE COLLECTION DIFFICULT

"Regardless of which of the three mediums of collection is adopted," he added, "a force of investigating agents must be organized for the purpose of ascertaining whether the designated collection medium has filed correct returns and paid the full amount of the fee. The investigating body might be compared with the recent force of revenue agents employed under the supervision of the Internal Revenue Bureau.

"The impossibility of collecting every cent of the equalization fee authorized by law is seen. It must be collected for the rehabilitation of the revolving fund. It can be seen that the collecting agency that does not make proper report is in effect withholding Government funds.

"So much will depend upon the honesty and alertness of the collection agency that it can be seen that many units of the proper commodity as it passes through commerce will fail to pay the equalization fee provided by law. An unscrupulous processor or purchaser or carrier will find that ability to evade the return of the equalization fee to the board will result in his profit. It must be realized that the ingenuity of the Government representatives must be vigorously applied to adequately meet in so far as possible the requirements of the proposed legislation."

#### MAY NEED MORE COLLECTORS

Unless existing collecting agencies are used, Mr. Mellon said, it would be necessary to set up an equalization fee collector's office in each Federal Land Bank district.

"It is reasonable to assume," he declared, "that regardless of the desires of the framers of the proposed legislation, it will not be possible to return to the revolving fund the entire amount withdrawn therefrom for the reason that experience in collecting taxes has established the fact that taxes are never collected 100 per cent."

#### CONNALLY ON COTTON

(Editorial, *Austin American*)

Representative Tom Connally was reared on a farm. In his boyhood he chopped and picked cotton. He owns farms. He is a producer of cotton and corn. All members of his family are engaged in farming. He was one of the seven Texas Representatives who voted

against the enactment of the McNary-Haugen bill. He did not believe in the proposed equalization fee. He did not believe in the creation of an army of officials and inspectors and collectors whose salaries and expenses would be paid by the farmers out of the equalization fees.

He was ready to vote for the Crisp bill. This bill provided no equalization fee or tax upon farmers. He was ready to vote for the Aswell bill. Crisp is a cotton farmer from Georgia. Aswell is a cotton farmer from Louisiana. These bills provided for farm export corporation and appropriated \$250,000,000 as an operating fund. They were brushed aside by the ultra champions of the McNary-Haugen measure. This was the argument of Connally of Texas.

"When a large surplus of cotton is produced in one year and carried over into the next, unless there is substantial reduction of production in the following year, prices will go still lower. Instead of one surplus there will be two surpluses. The price of cotton depends upon the world's demand. We export nearly two-thirds of our annual crop. We cannot by law force Europe to buy more cotton than she wants to buy. If we raise 18,000,000 bales and the world wants only 15,000,000 bales, we should finance and carry over into the next year 3,000,000 bales. But if we raise 18,000,000 bales again we shall have a surplus of 6,000,000 bales. Instead of doing that we should reduce production to 12,000,000 bales the following year. It is ruinous to raise more cotton than the world will use. It is a waste of soil and toil and money."

Connally of Texas reminded his colleagues that the whole country can afford to bear the expense of any experiment to solve the agricultural problem. He declared it unjust to tax the already impoverished farmer to experiment on him without his consent. He reminded all concerned that agriculture is a national necessity; that the farmer feeds and clothes the people of the United States; that the export of cotton and wheat annually brings hundreds of millions of dollars to the United States; that the money goes into the channels of trade and commerce and benefits every trade and industry in America; that agriculture must be maintained; that America is dependent upon it; that it is a national asset and if it is ruined the business of the whole country will suffer.

This is cotton planting time. Another 18,000,000-bale crop will call for low-price cotton; a 12,000,000-bale crop will call for the reverse.

## FARM STATUS SHOWN SOUND

(Associated Press Dispatch, December 11, 1926)

Agriculture is unquestionably on the upward grade, as a result in a large measure of the intelligence, energy, and determination of the farmers themselves, Secretary Jardine said in his annual report.

Everything necessary for reconstruction on a sound footing cannot be done by the farmers themselves, though, Mr. Jardine declared, and the industry is entitled to assistance from other groups of the community and from the nation. He advanced no new plan for farm relief.

"Further moderate improvement in the agricultural situation as a whole has taken place during the last year," said the Secretary. "Certain regions have suffered reverses, notably the cotton states, whose principal crop, produced in exceptional abundance, is selling at very low prices. Parts of the spring wheat states have harvested a poor crop. Generally speaking, however, the position of agriculture is better now than it has been in any year since 1920. Live stock raisers, dairymen, and winter wheat growers have earned good returns, and underlying conditions in the corn belt have improved. Since the depression period of 1920-21 every agricultural section of the country and every branch of agriculture have made progress. Unfortunately, the recent slump in cotton prices makes it doubtful whether the crop year of 1926-27 will carry forward the story of improvement at the rate established in the last few years. It is also true that over much of the country farmers are still struggling with a burden of debt and reduced buying power.

"Farmers are getting results from the steps they took, following the depression of 1921, to curtail overproduction and to bring their leading enterprises into profitable balance. Last year, however, it became apparent that in most lines (cotton being an outstanding exception) practicable readjustments in production had largely been made."

Turning to the surplus problem, Mr. Jardine said he was convinced that through organized and well-directed efforts much more can be done than had hitherto been done to eliminate the recurring surpluses that prove so detrimental to the farming industry. Better control of the movement of agricultural products into consumptive channels is needed through adequate marketing, storage, and credit facilities, and organization of producers for marketing operations. Farmer-controlled agencies, he believed, could best effect an orderly flow of products to market.

"Legislative action should be designed to create and enlarge such agencies and supplement their efforts," said Secretary Jardine. "No general formula will cover all commodities and all regions. What is needed is concentrated and coördinated effort backed up by adequate resources. To do this may require further enabling legislation."

Declaring that farm commodity prices, especially in areas distant from markets, are seriously depressed by high freight rates, Mr. Jardine said it was his conviction there must be substantial rate readjustments.

Drastic reduction in farm taxes cannot be expected at the present time, in the opinion of the Secretary, who said the demands of the users of automobiles for better and more improved roads and the necessarily high cost of education will keep the expenses of states and local units close to their present level. He said it was a mistake to suppose that the tariff system benefits industry greatly and agriculture little.

## EDUCATORS OPPOSE CROP PRICE-FIXING

(Special to *The New York Times*, February 13, 1927)

Agricultural regeneration in the South must come through the farmers themselves without the aid of legislation, according to several southern university executives interviewed by the *Courier-Journal*.

Reorganization of the present credit system, largely blamed for the one-crop method, is suggested by some as a first step in any sound farm rehabilitation plan.

Coöperative marketing is held to be a move in the right direction in so far as it reduces selling costs, demerchandises the crop intelligently, advises about production and works with other agencies in promoting sound general farming.

Practically all the professors view any method of "price-fixing" as inviting over-production. They regard it as economically unsound.

Sound farming, with credit and coöperative marketing aid, was offered generally as a remedy for present conditions although some authorities suggested that tariff reductions to bring manufactured products to a price level consistent with the farm-happy step. Others declared the farmer should grow his own food and feed crops and not put his whole effort into one cash crop.

One university representative said that President Coolidge could not afford politically to veto the McNary-Haugen measure.

"We are prepared to accept it as something the like of which we have never seen," he said. "It may or may not work. But, this department has always believed that supply and demand control agricultural prices. Not even coöperative marketing has upset that law, although it has reduced selling costs and improved the farmers' condition in a truly remarkable manner."

### DECLARES PRICE-FIXING UNSOUND

President George H. Colvin of the University of Louisville expressed the opinion that "price-fixing" was unsound.

F. L. Thomson, assistant professor of agricultural economics at the University of Missouri, holds that supply and demand determine prices of staple commodities.



"Padlocks on warehouse doors do not affect the quantity of products available for sale," he said. "It is true that coöperatives possibly will be able to favorably influence future prices by judiciously advising members regarding desirable acreages."

That the general economic situation in the South is good despite the widely heralded cotton price decline, is the opinion of the University of Arkansas, speaking through J. A. Dickey, professor of rural economics and sociology.

"Taking all crops and the corresponding prices for 1925 and 1926 into consideration, there appears to be approximately a 15 per cent decrease in agricultural wealth in 1926 as compared to 1925," Professor Dickey said. "It should be borne in mind that 1925 was one of the best years in the matter of wealth produced from agriculture that the South has ever experienced under normal times; therefore the 15 per cent decline in 1926 is from a peak year. Legislation permitting the levying of an equalization fee might prove very desirable as an emergency measure."

#### SOUTHERN CREDIT SYSTEM IS BLAMED

The Southern rural credit system, based on crop mortgages, has been the farmers' greatest stumbling block, according to H. D. Bonham, assistant professor of business administration at the University of Alabama. Interest rates have been known to be as high as 40 per cent in some sections of Alabama, although the average is between 12 and 15 per cent, he said.

"A great deal has been said about the one-crop system, but the farmers are not entirely to blame," Professor Bonham declared. "They must have cotton to make the money crop to pay the merchant. If they diversify to too great an extent they cannot do this."

He said coöperative marketing has shown remarkable results in Alabama, but believes it has not had sufficient time to demonstrate its ability to solve the cotton growers' credit problem.

Holding that farm marketing organizations can control price only as they control acreage and production, C. E. Brahm, assistant director of extension work in the College of Agriculture at the University of Tennessee, declared that farm relief legislation is an artificial method to correct an artificial situation.

#### OPPOSED TO FEDERAL AID

The hope of the American farmer "lies in himself and coöperative marketing rather than attempts to secure Federal aid by means of price fixing or loans or purchases of surplus crops," in the opinion of W. E. Roloff, professor of economics at the University of New Mexico.

F. B. Bomberger, assistant director of extension service at the University of Maryland, declared that coöperative marketing wields a powerful influence on commodity prices. Its chief value, he finds, is in stabilizing rather than boosting prices.

Marketing associations are having little effect on maintaining a fair price level for Texas crops, according to V. P. Lee, head of the Department of Marketing and Finance at the State's Agricultural and Mechanical College. Professor Lee believes, however, that farmers selling through pools gain over a period of years.

Discussing results of withholding crops from the market, Professor George McCutcheon of the Department of Economics at the University of South Carolina, said the commodity price is not effected thereby, "as the speculative interests know that the cotton will be available during the crop year and the price for the year's supply is made on the basis of that knowledge."

## REMEDIES FOR AGRICULTURAL DEPRESSION

(Editorial, *Dallas News*, March 2, 1927)

That something can be done for the agricultural industry by legislative process would hardly be denied. In the forefront of the things that might be done is obviously that of reducing tariff duties from the exorbitant level to which they have been raised to some approximation of the level of economic reason. One effect of that would be to lower the cost of things farmers have to buy. Another would be to make foreign markets more absorptive of things farmers have to sell. There are other things which Congress and Legislature could do and which, if done, would operate beneficially on the agricultural industry.

But, after all those things had been done, the state of the agricultural industry would be much less happy than all must wish, unless those engaged in it should add their effort by doing those things which only they can do. Chief among these is the practice of diversification; diversification of the kind which, to the limit of practicability in every individual case, supplies the farmstead with all those things it consumes. If that were done, the surpluses of cash crops would be only occasional, and then but seldom of the degree that would be embarrassing. Surpluses then could be marketed in an "orderly" manner with the resources which most farmers would possess.

While the agricultural industry is in a bad way, it lacks very much of being so sick as would have to be inferred if one were to suppose that there is sovereign remedy in such heroic prescriptions as that of the McNary-Haugen bill. There are a good many prosperous farmers notwithstanding their industry is in an unhealthy state. The fact

argues against the easy and convenient notion that only legislation can make it whole again. If there is anything radically wrong in the fundamental economy of the agricultural industry, it is that it is made up of more men and acres than there is need of. That, indeed, seems to be the case. And, if it is a fact, there will be but little corrective effect in anything which Congress and legislatures can do. Natural forces, in that event, must be relied on, their function being to remove many from the agricultural industry to other industries. This, statistics report, is now being done; and, while the transference may be regrettable in one way, viewed from the standpoint of the economic welfare of the industry, it is to be contemplated with satisfaction, in the knowledge that when the agricultural industry is reduced to the proportions of the need for its products it will become prosperous. Legislation can only retard that process, and, by retarding it, prolong and perhaps aggravate the distress which expressed itself blindly in the McNary-Haugen bill.

## APPENDIX

### RULES IN DEBATE

Please bear in mind that the primary purpose of these contests is, as the constitution states, "to foster in the schools of Texas the study and practice of public speaking as an aid in the preparation for citizenship."

The League exists not for a few schools that may have exceptionally fine speakers, but rather to stimulate all the schools to develop in their pupils a talent for clear-cut, sincere and effective speaking before an audience.

With the large membership which the League has now attained, the county contests must be more and more emphasized, since it is obvious that very few of the speakers who participate in the county contests can possibly go to the district and State contests. The principal who waits to enter his school for a contest until he can turn out a winning debating team will probably never develop a winning team. Moreover, this shows a wrong attitude towards the contests and encourages an unwholesome school spirit. Remember that the contests are only a means to an end, and hence the mere fact of winning should not be taken too seriously.

Particularly in public speaking contests, wherein no absolute standards of judging are possible, teachers and students should guard against questioning the decisions of the judges. See that the rules of the contest are observed, and then leave the result absolutely to the judges. It is fine training for both teachers and pupils to learn how to lose as well as how to win.

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Unless by consent of both teams concerned, the question in all preliminary debates shall be the one assigned for the final contest and all debaters shall be prepared to speak on either side of this question. (For date limits of county and district contests, see Article VI, Section 2, Constitution and Rules.)

1. *Divisions*.—There shall be two divisions in debate, as follows: (a) girls; (b) boys.

2. *Elimination for County Championship*.—A debating tournament shall be arranged at the County Meet to determine county championship in each division.

3. *Eligibility*.—Each school belonging to the League may be represented by a team of two boys and also by a team of two girls. The debaters shall be subject to the eligibility rules contained in Article VIII of the Constitution of this League (except those rules which apply only to athletes). No student can represent his school in any one year in more than one public speaking contest, and the

one-act play contest is considered a "public speaking contest." Former winners of first honors in the State are barred, which means that each member of a team winning the State championship is barred from further competition in debate in the Interscholastic League.

4. *Choice of Sides.*—In all contests sides shall be determined either by mutual consent or by lot. Whenever a series of preliminary contests are held, the winning teams in a given contest shall immediately choose sides for the next contest.

5. *Coaching for Debate.*—Aside from the bulletins and loan material furnished by the University, and other reading matter, the assistance furnished contestants in preparing debates shall not exceed the following: (a) aid in outlining the arguments; (b) citing sources of information; (c) correcting errors in English; and (d) suggestions as to delivery. Whenever a debater quotes at any length the words of another, the fact must be plainly stated. Proof that either member of a debating team has received assistance other than as above specified, or that quoted matter is used at any considerable length without giving due credit therefor, shall disqualify such team for that year.

[NOTE.—At the 1924 State meeting of delegates a resolution was passed condemning the use of "helps" in debating issued by any agency not specifically recommended by the League.]

6. *Coaching During a Debate.*—In all contests the debaters shall be separated from the audience and shall receive no coaching while the debate is in progress. By "coaching" is meant *viva voce* or other prompting either by the speakers' colleague or by any other person while the debater has the floor. A debater may, however, refer to his notes.

7. *No Cheering.*—In order to guard against "rooting," no cheering shall be permitted during the debate, and the presiding officer shall see that this rule is strictly enforced.

8. *The time and order of speeches* shall be as follows:

#### MAIN

Affirmative, 10 minutes.

Negative, 10 minutes.

Affirmative, 10 minutes.

Negative, 10 minutes.

#### REBUTTAL

Affirmative, 4 minutes.

Negative, 5 minutes.

Affirmative, 4 minutes.

Negative, 5 minutes.

Affirmative rejoinder, 3 minutes.

Either side may reverse the order of its speakers in rebuttal from that of the main speech; and either one of the affirmative speakers may take the closing rejoinder.

9. *Judges.*—The judges for the debating contests shall be at least three or other odd number, selected on the basis of capability and impartiality. The judges for the county and district contests shall be chosen by the appropriate executive committee, *subject to the approval of a majority of the schools concerned.* For the final contest at the University the judges shall be chosen by the State Executive Committee. The judges shall sit apart during a contest in order to hear the speakers from different parts of the auditorium. The speaker shall be called by number, as in the county and district meets.

[NOTE.—The Director of Debate shall not fail to submit in advance to interested schools the names of proposed judges and to secure the approval of at least a majority of such schools. Especial care, too, should be used in selecting judges. This matter should be attended to in advance, and not left for a hit-or-miss choice at the time of the contest. Directors of Debate should write to the State Office for a supply of the circular "How to Judge a Debate," a copy of which should be furnished to each judge far in advance of the contest.]

10. *Schools Represented Not to Be Known by the Judges.*—So far as possible, the judges shall not know the school a debating team represents, the contestants being designated as being on the "affirmative" or "negative" side, and this provision shall be enforced at the State tournament.

11. *Instruction to Judges.*—A copy of the following instructions shall be given to each judge: "The judges, who shall sit apart during the debate, shall judge the contest as a *debate*, voting without consultation 'Affirmative' or 'Negative' on the merits of the debate, irrespective of their individual opinions as to the merits of the question. In deciding which team has done the more effective debating, the judges shall take into consideration argument and delivery in both main and rebuttal speeches. In cases of doubt (that is, where the two teams are about equally balanced) argument shall be stressed relatively more than delivery and rebuttal work more than the main speeches. Furthermore, the judges should consider carefully the following points:

"(a) The debaters should show evidence of having done their own work.

"(b) It is unfair to keep opponents in the dark as to the constructive case, in order to spring surprises near the end of the debate.

"(c) Canned refutation, in which a memorized series of possible arguments is culled over for declaiming in the rebuttal, should be penalized.

**“(d) Mere declamation is poor debating, as it ignores the very nature and fact of discussion itself.**

“At the close of the debate each judge shall indicate his choice by ballot and deliver it to the presiding officer, who shall inspect the ballots in the presence of the representative of each school and announce the decision.” The director of the contest is charged with the responsibility of enforcing these “instructions” and only the most flagrant delinquency in this matter will be considered grounds for protest.

12. *Final Contest.*—The winning boys’ and girls’ teams, respectively, in each district contest shall be eligible to the State contest in the regular high-school division.

13. The general directions given in the League publication entitled “How to Judge a Debate” shall be followed in judging, and directors in charge of the debating contest are charged with the responsibility of furnishing judges in the contests under his direction with a copy of this pamphlet.

#### NOTICE

After two years’ trial it has been found impractical to try to maintain separate divisions in public speaking for city high schools. Cities which are considered “county units” (see Section 5, Article VI) hold city eliminations and send winners to their respective district centers for competition.







